

BOARD OF MAYOR AND ALDERMEN

February 6, 2007

7:30 PM

Mayor Guinta called the meeting to order.

The Clerk called the roll. There were thirteen Aldermen present.

Present: Aldermen Roy, Gatsas, Long, Duval, Osborne, Pinard, O'Neil,
Lopez, Shea, DeVries, Garrity, Smith, Forest

Absent: Alderman Thibault

Mayor Guinta stated we do have a couple of presentations but two quick announcements...the Board of Mayor and Aldermen would like to welcome Nathan Boudreau from Pack 118 who's here today working on his Citizen Badge so thank you very much for sitting in.

We've also learned that someone in the audience is going to be sitting in on his last Board of Mayor and Aldermen meeting...a very what I would call fair and balanced report Riley Yates who is moving onto greener pastures. So, we wanted to give us thanks and appreciation to you...tomorrow you can write about us whatever you like since you won't be here.

3. Update on Pay & Display meters by Brandy Stanley, Parking Manager.

Ms. Brandy Stanley, Parking Manager, stated we've now completed two months of full operations with the Pay & Display meters and just a short presentation to update all the Aldermen on how it went. In the implementation phase we had very, very few complaints. Our Meter Greeters were an excellent success, the ticket amnesty period was also a very good thing, the public really appreciated it. Our revenue numbers have increased substantially and I'll get into that a little bit later. The sidewalk appearance to the City once the meter poles were pulled out in my mind has increased the aesthetic value about 600%. I think they look absolutely wonderful. We've also gained a reputation as somewhat of a trendsetter in New Hampshire and surrounding communities. There's at least three cities...two in New Hampshire that I know of that are going to send out RFP's for similar technology. Some of the problems we encountered...probably the biggest one is street lighting. There are some issues with a number of the meters in terms of trying to use them after it gets dark. The street lighting is not adequate to be able to allow people to read the graphics on the front of the machine to use them. So, the manufacturer's working on an LED light strip that we can install on the meters that will illuminate the face a little bit better and we should have those installed sometime within the next month. We had a few issues

with some out-of-town visitors that didn't either read *The Union Leader* or weren't really thinking that it was going to affect them...they got parking tickets because they didn't understand how to use the system but we've been responding to all of the calls that we've been getting with either letters or personal phone calls and hopefully we're not losing any out-of-town visitors. We had a little bit of problem with the freezing rain. We weren't really prepared for the buttons to freeze up on the machines so we had a rough morning that first morning after the ice storm. We have since come up with a preventative maintenance plan so we don't think that there's going to be any problems in the future with freezing rain.

What we also found is that a lot of people are placing the receipt on the drivers side which is an intuitive place to put, however, on some streets the drivers side is not the curb side and the PCO's are finding that they're having to take some extra time to go into the street and look at the driver's side dashboard so it takes extra time and it also creates a potential safety issue. So, somewhere down the line we're probably going to change that and ask that the public place their receipts on the curbside of the dashboard.

Financial results...in December the revenue increased for the 634 spaces we replaced with about 53% or \$12,578 just in December. In January, the revenue increased for those spaces with 68% or \$16,192 and that was over the previous six-month average for those 634 spaces. Total revenue for the entire system including the single-space meters was 26% for the two-month period higher than it was at the same period last year and if you annualize what we've done so far we're looking at an annual revenue increase of about \$194,000 and that is compared to the \$255,000 that I originally projected which means there's a shortfall of about \$61,000. One of the things we're going to have to do is wait for probably six months to see where it ends up stabilizing...I'm guessing it's going to be higher than the 26% and higher closer to where my projections were. We also have seven units that we need to install...those are going to go in probably March or April...probably in the parking lots which are going to be a very high revenue increase as well. And, we also hope to improve our enforcement and that's a recommendation that we're going to be making to the Aldermen at some point in the future to add staff. We found that enforcement is somewhat of a challenge given the reduced complement of officers that we have right now. In terms of expenses our wireless communications are \$2,790 a month, that's a flat fee that is going to continue every single month. Our credit card rejects for the two months were almost \$2,000 and that's a result of the fact that we're processing credit cards with batch processing as opposed to on-line and real time validation of the credit cards. Our credit card fees were \$5,692 for the two months and represents 35% of credit card revenue. The average credit transaction is \$.80 cents and credit transactions make up about 21% of our total revenue. I'm not very happy with that as I'm sure you Aldermen are not either. There's a couple of things that we're going to do. One is we're going to switch to on-line processing which is real time processing so our credit card reject number will go down to zero...that should be done in the next two to three weeks. The other thing that we're working on with Finance and with the bank is the fee structure which in my mind is unacceptable and we are in the middle of trying to figure out what type of rate structure we qualify for and what type of rate structure we don't. So, I don't anticipate this rate structure to remain but we have to have a lot of questions answered before

we can determine whether or not we can go to a lower rate structure. I think that's it, does anybody have any questions?

Alderman Lopez asked in the projection for the '07 how much money did we lose because of the projections for the revenue?

Ms. Stanley stated the revenue for the Pay & Displays or...I'm not sure.

Alderman Lopez stated for the new system...in the parking revenue.

Ms. Stanley stated what was originally budgeted was \$1.2 million for the new system which was probably not realistic in the first place.

Alderman Lopez stated no coming back to the City...maybe I should clear that up. Randy, help me out...We projected an amount of money that was not counted for up at the state level is that correct when you went to the DRA?

Mr. Randy Sherman, Interim Finance Officer, stated we originally budgeted just over \$4 million coming back to the City but keep in mind that also included the auto registration fee, it also included Saturday parking...so we had to pull all of those out of the budget as well in addition to any changes that we put in due to limited implementation or delayed implementation as far as the Pay & Display stations.

Alderman Lopez stated that was only \$600,000 on the other two items that you've referenced. Have you projected for the '08 budget yet as to how much revenue we're going to receive?

Ms. Stanley replied I have some projections unfortunately they're back in my office and I can't tell you what they are off the top of my head.

Alderman Lopez asked could you send that to me, please? Thank you.

Alderman Gatsas asked can you tell me what the net increase was after expenses or did we lose money in that two-month period?

Ms. Stanley replied we did not lose money...the net increase after those two months is about \$16,000.

Alderman Gatsas asked so what would that percentage be?

Ms. Stanley replied 13% of total revenue including the single space.

Alderman Gatsas stated you said that the credit card was 8% or \$.08 cents per transaction.

Ms. Stanley stated no that's what we would like it to be. Right now it's 35%, so it's \$.35 cents for every dollar spent on the credit cards.

Alderman Gatsas asked is it....what is it if I'd bought \$.50 cents by credit card, what is that, is that a 70% charge?

Ms. Stanley replied not necessarily. The credit card rate structure is such that there is a \$.20 cent flat fee for every time you use a credit card and then there's a percentage of the total transaction on top of that. So, if you use a \$.50 cent transaction you know you're getting \$.20 cents taken off and then depending on the interchange level it may be a half of a percent or it may be 3%, it depends on what type of credit card you're using and what bank it goes through.

Alderman Gatsas asked so is this telling us that there are more transactions that are over a dollar or under a dollar?

Ms. Stanley replied there are virtually no transactions that are over a dollar because most of the meters are two-hour limits which is a dollar and you can't buy more than \$2.00 at a two-hour meter.

Alderman Gatsas asked can you tell by the percentage whether there are more at an hour or two hours? In other words are we getting hit for a fee that people are using \$.50 cents in those machines and it's costing us 23%...actually it would be 46%.

Ms. Stanley stated I can't tell you exactly what the breakdown on the transactions is but the average transaction...every time somebody uses a credit card is \$.80 cents so it averages out to be less than a dollar.

Alderman Gatsas asked on that \$.80 cents we're paying how much?

Ms. Stanley replied sorry I don't have a calculator...35% of \$.80 cents...so that would probably be between \$.28 and \$.30 cents.

Alderman Gatsas stated if we see that trend continuing and you annualize that we're going to be in an awful hurt at the end of the year.

Ms. Stanley stated if we annualize the credit card fees we would come out to about \$46,000 for the year. Again, this is something in my mind that is unacceptable...the percentage of credit card fee we're paying and we're working with Finance and with the bank to make sure that we either get that rate down or we make some recommendations in terms of what we do

about accepting credit cards or putting a time limit on the credit card transaction. I don't anticipate that this is going to stay the way it is because it's not what we wanted.

Alderman Gatsas stated but shouldn't we have looked at that before we implemented the system.

Ms. Stanley stated we did look at it before we implemented the system, we sent out...Finance sent out an RFP and this is what came back. We are a little bit more educated now and we believe that we may be able to negotiate better rates maybe with the same bank or with a different bank. We'll just have to work through it.

Mayor Guinta asked any other questions. There were none. Thank you very much.

4. Discussion with Board of Assessors and representatives of Vision Appraisal, Inc. relative to a communication submitted by Paul Porter regarding commercial/industrial tax base.

Mr. David Cornell, Chairman of the Board of Assessors, stated just a brief introduction before we get started. To the right we have Mr. David Hynes a representative from the Department of Revenue...to my left we have Mike Hurley as a representative from Vision and also Mike Terello a representative from Vision. We're going to give a brief history of the revaluation, we're going to do a brief explanation of why taxes can change in a year of a revaluation and then we're going to open it up for some questions and answers. Basically under state law we have to do a revaluation at least every five years. Before this revaluation the last revaluation was done back in 2001 and before that the law was a little bit different but before that it was in 2001. This currently revaluation was completed on time and on budget. When we looked at the commercial properties in the City in 2006 the commercial tax base increased 68%...that's an annual rate appreciation of 13.6% per year. For commercial properties that's a very good appreciation per year. Single-family properties on the other hand increased 80% which was an exceptional rate of return...that equates to about a 16% a year increase in value in residential properties. When we did an analysis of the tax bills...66% of all of the commercial properties had their tax bills higher in 2006 than the tax bills that they received in 2005. In total if you add up all of the taxes that were paid for commercial properties it's slightly more in 2006 than in 2005 and the exact figure is on the handout that we provided to the Aldermen. The previous Board of Assessors back in April 2004 provided the Mayor and the Board of Aldermen with the estimate of the current market value of the properties at that time and they projected at that time that the commercial base represented about 36% of market value. Now that's slightly different than the ratio that was billed because we knew even in 2004 that the commercial properties...excuse me that the residential properties were increasing at a faster rate than the commercial properties. We've also provided the Aldermen with the analysis that was performed back in 2004 that states that. After the 2006 revaluation the commercial properties now represent about 37% of the

tax base. Manchester as far as the overall tax base for 2005 we had a total tax base of about \$5.3 billion, after the reval we have a tax base of approximately \$9.6 billion and this is where some confusion comes in as far as taxes and revals because as you can see the tax base itself increased rather dramatically approximately 80% but the tax rate itself dropped quite a bit. So, the old tax rate was \$28.36 and the new rate was \$16.85. As far as the goal of a revaluation, our goal of a revaluation is essentially to appraise each and every property fairly and equitably and what that means is to appraise all properties at their current market value. Now, we do know that properties do go up and down at a different rate and when they go up and down at a different rate it will change the value and hence it will change the taxes that a property pays. Our only job as far as the Board of Assessors is to ensure that the assessments are correct. If the assessments are correct and somebody's paying more in taxes for us we've done our job. If somebody's paying less in taxes after the reval but if the assessment is correct once again we've done our job. Here's an example of a property that's paying less after the reval than before. As you can see in 2005 the assessment on the property is a little over \$6 million. In 2006 the assessment increased to a little over \$9.6 million but as we talked about before with the dropping of the tax rate you can see in 2006 this particular property paid less in taxes after the reval even though the value went from \$6 million to \$9 million because of the drop in the tax rate. Now, as far as the assessment on the property this property actually sold several weeks ago for a little over \$9.1 million. So, we know as far as the assessed value it's right in the range and in this instance it's certainly not low yet a property is still paying less in taxes. This is another example, in this case, of a property that they're paying more in taxes. So, as you can see the 2005 assessment was a little over \$5.7 million and in 2006 it's a little over \$12.5 million. In this case the taxes went up rather significantly. In this case this is another example of a property that had sold...we know that the assessment is very close to the selling price so even though they're paying more in taxes we know they're being treated fairly and equitably because the assessment on the property is right where it should be at. What we did...in the assessing world one of the way you determine whether the job was accurate or not is you test the results from actual sales to what you have, what you placed assessments on the property. So, since April 1, 2006 the date of valuation we looked at all sales in the City over \$1 million. What we found is there's 20 such sales that took place in the City. If you add the total sales price of all of those properties it equates to a little over \$220 million. If you total up our assessment on those same sales, those 20 properties it's a little over \$228 million. Once again, giving us further confidence that in fact the commercial values are not low. I'd like to turn this over now to Mike Hurley from Vision...they're going to explain a few things and then we're going to open it up to some questions and answers.

Mr. Mike Hurley, Vision Appraisal, stated I was the Project Manager on the revaluation. I'll be real brief so we can get to the questions mainly because this is somewhat of an unusual request for us. Being from the City I've been reading in the papers and seeing where a lot of tonight's meeting was headed towards and Dave has been very thorough in his presentation. The only thing I can really add is what we did as Dave mentioned everything is determined

on market value and I kept reading and hearing stuff about shifts from commercial to residential. So, Mike Terello and I had called and had done a few towns recently and we called a couple of clients who have had updates in the last year similar to Manchester and what we found is that if we looked at Salem, New Hampshire, Derry, New Hampshire...Pelham...then we tried to go to Lowell which has a ballpark, a rink, mills...similar types of properties as Manchester and Quincy and we talked to those assessors and asked them what they're shift was because I've been reading a lot about the shift not being enough, etc. And, interestingly enough the average shift was from commercial and residential was 3.4% and Manchester's was 3%. So, you're not really seeing anything that's any different from similar cities either with New Hampshire or similar type properties in other states. We feel confident enough in our values that we just recently got awarded the New York City contract and we're using the Manchester, New Hampshire database as a test in the template for New York City and the gentleman who did the commercial values here Mike Terello is also working on the New York City project. So, I feel pretty strongly that as you've seen in Dave's presentation and the stats he's come up with and the test he's run on the revaluation that we did that the values are pretty strong. I'll open up for any questions.

Mayor Guinta asked are there any questions from the Board?

Alderman Lopez stated I've taken the liberty of requesting some documentation over 100 pages of the tax decreases. I guess the question I would have which as a lay person I don't completely understand and maybe you could enlighten me and the public because I've had some questions again because of the publicity that's been in the paper. The taxes that we lost on the miracle mile, for an example, the miracle mile being South Willow Street and that area and other areas across the City there's approximately \$7 million in taxes. I understand the value of the 3-tenements, 4-tenements, 6-tenements and homes going up which is a great value to the person who bought a home at \$100,000 now it's \$200,000 or a 6-family bought at \$340,000 might be \$600,000+ today...that's a great value for that investment. Economically that we've invested in the City in a lot of commercial and areas...how in your opinion do we recoup \$7 million...forget what we gained the \$9.6 million because that's on the backs of residential to a degree...how do we recoup the \$7 million that we lost in taxes if you understand my question?

Mr. Cornell stated like we said previously as long as the assessed value's correct we feel that we've done our job. In the 20 sales since 2001 three of those sales have been on South Willow Street. If you add up the sales on South Willow Street, the three sales it totals \$26.4 million. If you add up our assessments on South Willow Street of those sales it adds up to \$27.7 million so once again our assessments are right in line in this case a little bit over of what we have assessed for. So, even if those properties are paying less in taxes we know that assessment is accurate and so as far as from an assessing standpoint we know we've done our job even if it results in a taxpayer paying a smaller tax bill.

Alderman Lopez stated just a perception then on the public's part or our part in the assessing aspect of it...what kind of analysis, for example, did Vision or I understand the DRA and other people did process...they're all attesting I presume that everything was fine with Vision in the assessment aspect of it.

Mr. Cornell stated I will speak for the Board of Assessors. There was a tremendous amount of analysis that was put into this project. Every step of the way we worked with Vision, we received data cuts, we did tests against the data, we did statistical testing, we did have the Department of Revenue here they could speak if you'd like them to speak of all of the analysis that they have done and Vision we know did a tremendous amount of analysis but if you'd like I could have them speak to exactly the analysis that they have done.

Alderman Lopez stated go ahead.

Mr. Michael Terello, Vision Appraisal, stated I did the commercial appraisals for the City. Basically what we do for the commercials is we do look at the sales that occur and those were discussed earlier. We also look at what's called the income approach, which is rental information and expenses on properties for leases. So, we take current market information...leases and so forth that were sent to us, analyze those to determine values based on the income approach, we also take all of the sales by various classes be it commercial and industrial, mixed use or apartments and analyze those and make sure that they're valid sales. We take all of this data and we develop models to determine value based on use being the commercial or retail use or an industrial use based on location, a superior location like South Willow Street or lesser locations and we apply values based on the market for land values and building values to determine fair assessments based on 100% of the market data as of 04/01/2006. We look at data before that period and after that period...we account for any shifts in time and we adjust for any variables such as again location but also utility, size...so we take many characters and many variables into place. We develop all of these models, we run reports, audit reports to check for old and new reports to see if something may be out-of-line, we run value per unit comparisons to make sure that properties in the industrial parks are equitable, there's consistency on South Willow Street. If a property has a higher utility, a higher value that's accounted for. So, all of these variables are taken into consideration. It took about six to ten months to go through this. I worked directly with Steve Hamilton the Commercial Assessor...we were diligent in driving the whole community, inspecting the properties and working with these models and then testing them and retesting them and then the Department of Revenue certifying these values and looking at them along with the other board members. So, it is a very procedural process with hundreds of steps to make sure things are not just at market value but also equitable across the board.

Alderman Shea stated I think he answered most of my questions because the question that I was going to ask is if the revaluation's were done in '07 as of right now would the same type of values be attributable to commercial as well as residential properties or would there be because of the downturn as it were would there be less of a value attributable to residential and perhaps a little bit more or less to commercial. In other words what I'm saying is timing is everything in life and we know that.

Mr. Terello stated I do have an opportunity to analyze data from all regions. Obviously, as they stated I do work in all of New England and also in New York. I go to a lot of economic seminars where players in the market talk about changes in the market...we've looked at some of the data...recently worked with the Assessors here. It seems like things here are fairly stable right now, haven't shifted too much. Certain other areas of New England are seeing shifts that are going down actually in residential and up in commercials. One of the surveys I just saw was that the office space finally after years of dropping or leveling off is actually starting to rise. From the last few months here it's more a stable situation. I think the Commercial Assessor Mr. Hamilton could concur with that that from the last six months and you can see from the studies basically the commercials are still right around what they were when we did the values 04/01/2006.

Alderman DeVries stated since we're talking about South Willow Street and since you did do some of our surrounding communities and I don't know how more privileged you are to speak to more specifics within the trends within communities so if we were looking at a property on South Willow and I think it was brought to my attention that Burger King was one of the properties that had some sort of a decline in the property taxes that they are paying. Did you see if you were looking at a Burger King similar high value property I think that was your term in Salem or in Derry...they all have Burger King's, McDonald's...did you see the same sort of trend developing in the other communities where they were losing value?

Mr. Terello replied the same patterns and shifts occur...when you say losing value you mean tax dollars.

Alderman DeVries stated paying less property taxes.

Mr. Terello stated actually those properties did go up it's just that in relationship to the residential increase there's a lesser increase. We did see that commercials also did go up in Derry and in Salem...same relationship that the residential went up at a faster rate than the commercials. Also a lot of the commercial is tied to the leasing agreements and changes in the market and you do not see leases and changes in the market at a rate of 16% per year. It's just that the lease terms from two or three years ago would not go up at that rate that's just not how the change in the market would be with commercials. However, we did see a strong increase around 13% a year since 2001 for commercials. So, that does bode well for

the community here and a reflection of a good situation for the commercials. Through our analysis we also found that compared to other communities the office vacancies were better here, the rental rates were strong and there was actually growth in the office especially in the mill area with conversions so in general although it didn't go up as much as the residential a 68% increase over a five-year period for the commercials is very strong compared to other communities.

Alderman DeVries stated follow-up if I might because I'm asking you to drill down into greater detail rather than give the cost shift scenario, which I think you said was fairly consistent through all of the communities in southern New Hampshire and north Massachusetts. If you were looking at specific properties on South Willow Street that have common characteristics with other and I'm using the Burger King, the McDonald's as their lot sizes may vary they are very consistent in franchise as well as in the location that they've been in be it at a high-end retail location so did you see specifics to those exact comparisons in Derry, in Salem...the same values holding...increasing, decreasing. So, can we pick out those properties out of their tax base and say that they held consistent?

Mr. Terello replied we value quite a bit of properties and I have staff that assist me. I really have difficulty in giving you an answer of accuracy without looking at them.

Alderman DeVries stated I understand that and I think that's probably what I'm asking for just to try to put the discussion somewhat to rest. If we could look at specific examples of equivalency whether it's Big box or Burger King type scenarios...they're fairly equivalent and then just show some of our surrounding communities had the same sort of value be it up, be it down they're shifting somewhat similar maybe it would help us make our argument to the taxpayers of Manchester.

Mr. Terello stated it seems like a reasonable request. We have access to that data and it's public information so if you just give the details to the Assessors maybe some of the samples that you're looking for we could provide you with some examples.

Alderman DeVries stated that would be great, thank you.

Alderman Osborne stated in layman's language for the people at home I'm still a little confused myself if you take a single building say at a million dollars last year and this year it went down 30 or 40% how do you determine that? How do you choose which ones are going down and which ones are going up?

Mr. Terello stated you mean taxes or do you mean assessments?

Alderman Osborne stated value, taxes the amount they've got to pay whatever.

Mr. Terello stated we talk in assessments we don't do tax rates. So, the majority of the properties in the community I think almost all of them unless there was some kind of a physical change like a demolition or something they went up. Now, each class goes up differently or changes differently...industrials are valued...different rental rates, different sales prices than big boxes and Burger Kings and so forth so we value the commercials by use and location. So, we're taking a look at all of the industrial properties in the community, set rental rates and sale prices...analyze this data, come up with values that just like if you're going to have a house with three comps or four comps, if you're going to get a loan...we would take comparables of sales and rental rates, determine what the market rents are and apply them to all of those. Then analyze them per square foot to make sure they're equitable and that would be the industrials and then we do the same thing for retail and so forth.

Alderman Osborne interjected just talk retail...I'm more familiar with that.

Mr. Terello stated again with retail we would look at the retail in the whole City, then we break it out into areas and also use. There's different types of retail...there's plazas, there's boxes, there's restaurants...we would look at those individually, you wouldn't compare a Burger King a Home Depot so we look at the sub styles and determine market rents and values for each of the individual types. Now, when analyzing this some go up more than others. Retail tends to be stronger than the industrials for rising. In this market here surprisingly the offices are also doing pretty well which bodes well for the community as a whole. I found in the greater Boston area that the offices in the last few years weren't as strong in comparison to here in relationship to vacancies, for example. So, the office did pretty well in its increases compared to some other market areas. So, all this is analyzed in values in groups and then determined to be equitable.

Alderman Osborne stated you're saying groups but you're still picking on a few properties that have gone down 30%, 20%, 40% or whatever it might be. How do you determine which ones come down when really the market hasn't come down that much.

Mr. Terello stated I think you're talking about the taxes again.

Alderman Osborne interjected well the value has to do with the taxes right?

Mr. Terello replied the value is the value. Your taxes are based on your budget and I'm comparing...I'm doing a value now based on 2006. It is compared to 2001 which is a different time period. Again, it's based on utility and the market for those properties. It's not that we picked on any or so forth...

Alderman Osborne interjected I'm not saying you're picking but I'm just wondering how you determine that. You don't go through there and throw sales and so on and so forth do you?

Mr. Terello replied no we do it based on the renting of the building, not the gross sales of a business. It's what the property could rent for, the expenses and then capitalize.

Alderman Osborne stated one property is paying \$300,000 let's say in taxes and this year because of the assessment went down 30 or 40% ...he's paying that much less, why?

Mr. Terello replied I don't think the assessments went down 30 or 40% it's the relationship to the rise in the residential that had the shift of taxes going to the residential more so than the commercial. I think Dave can elaborate on that.

Mr. Cornell stated that does confuse some people because on one of the slides we saw was the tax rate did. So, the tax rate went from \$28.36 to \$16.85. So, you could have a property increasing in assessment...

Alderman Osborne interjected I'm not talking about that, Sir, I'm just talking about the value of the building...it went from one value down to another value. I'm not talking about the multiplier. I'm talking about the value of the building. Why did that building...a lot of these buildings go down in value, why?

Mr. Cornell replied in the City there was only a handful that the value actually went down.

Alderman Osborne asked for what reason was that?

Mr. Hurley replied it could have been for demolition, there could have been some problems with the building but there was actually very, very few in the City where the assessment actually went down. The vast majority of the assessments actually went up significantly.

Alderman Roy stated, David, a question for you. I think it was in your third slide you made the comment that commercial entities are paying slightly more than what they were last year. My question is what percentage is slightly compared to residential?

Mr. Cornell replied in 2006 it was \$59.7 million actually it's a total increase of \$92,709 so that's a slight increase.

Alderman Roy stated out of the tax base of \$59.7 million.

Mr. Cornell stated \$59.7 is the total taxes paid.

Alderman Roy stated compare that to residential what is the total 2006 tax base for residential?

Mr. Cornell replied it was be a difference of...do you have those figures, Randy?

Mr. Sherman replied the total tax warrant was about \$160 million maybe a little more than that so it's about \$100 million for residential.

Alderman Roy stated the increase in 2005 to 2006 residential.

Mr. Cornell stated I don't have those figures on me.

Mr. Sherman stated I don't either.

Mr. Cornell stated it would be the difference of whatever the commercial and the difference would be on the residential side.

Alderman Roy stated my problem with this and looking at apples-to-apples is how you do the assessment and I can appreciate that and I've done assessments and worked in assessments and my largest problem is the difference between...you take a 10,000 square foot building on South Willow Street and it's assessed at a number when and we're talking about million dollar plus properties that with only 20 comps over the past seven months it's hard to get a good feel for where those should be and so when you start seeing residential increases that I'm sure the residential tax base in the City is paying more than a \$90,000 increase for 2006 I find that discouraging. So, I have a difficult time taking a large house in north Manchester and seeing it pay more taxes than a commercial entity on South Willow Street of larger size on larger acreage and that's where I find the dilemma. I appreciate the work former Alderman Porter's put into this and I also appreciate the time you gentlemen have put into this but we're not taking an accurate comparison when we use words like slightly...for \$59 million in tax base a \$92,000 increase though it doesn't sound like peanuts it is a very small number. So, with that said I'd look to see what that comparison on the residential side was and I may have more of an argument after I get that number.

Mr. Hurley stated we know that the residential properties went up at a faster rate than the commercial properties. There will be a shift towards any property that goes up at a faster rate. Now, on the positive side those who have owned residential real estate have experienced on average a 16% appreciate per year, which is extremely good. Now, commercial properties have gone up a little over 13% a year which is actually very strong but just not at the stellar rate that the residential has gone up. So, in a property tax system where it's simply based on value properties that go up at a faster rate than the average there will be a shift and it will be paying more after reval just due to market forces.

Alderman Roy stated I don't at all disagree with that argument but the only time you capitalize on that is when you sell the property so when we're talking about our average taxpayer, our average residential taxpayer in the City of Manchester we can't look at them

and say hey you're property's gone up 16, 20, 30% since you've owned it you're reaping all of these benefits. When you get to the commercial entities they're recouping it with leases and escalators and other things built into owning commercial property that you don't have on the residential side and that's where that leveling of the playing field, in my opinion, is just as important as the total outcome of the assessments.

Mayor Guinta stated that's mandated by state law so there's not much...again, I want to make sure people who are watching at home understand that. We don't have the ability to pick and choose what base goes up. These are set by RSA. So, not just the reval but also how we value. There's nothing we can do as a Board of Mayor and Aldermen, no community can do anything about that so I want to make sure that people at home understand that distinction.

Alderman Roy stated Mayor I do want to respectfully disagree with you a little bit because the appraisal and assessment process is a subjective one and I don't know if David wants to comment on that. As you gather the information there's only a certain amount of sales at a million dollars plus in the City of Manchester at any given timeframe. So, when you value 70 properties in a neighborhood and one possibly one has sold very few are apples-to-apples...Alderman DeVries talked about comparing Burger Kings in this town and Burger Kings in other towns. When then you've got to compare with everything to do with that Burger King in another town to how it is focused on in Manchester and that's where I have the problem that we don't have a million sales parcels sold...David do you want to comment about the subjectivity.

Mayor Guinta asked how many parcels do we have in the City...36.

Mr. Cornell stated in total there's a little over 32,000.

Mayor Guinta stated so we can't force commercial owners to sell so we can get competitive.

Mr. Terello stated I can add to that...the 20 sales is what he's looked at after the revaluation. During the revaluation although some of these sales are under a million dollars there were more like 300 commercial sales that occurred over about a two-year period that we analyzed. We also received 300 or 400 income and expense forms from the community also that identified leases and expense ratios. So, we also have the ability in our system to look at other communities just recently done like Bedford that has other data that we support and we also have the ability to communicate with local appraisers and realtors to communicate their feel for the market. So, it's a rather in-depth study...the 20 sales was just an example after the 2001-2006 period of a million dollars...that's not by any chance the amount of data that we analyze.

Alderman Roy stated I don't disagree with you but out of that 32,000 parcels how many are considered commercial and since I have one question I'll throw in the second part of that...of that how many are over a million and of that how many sold let's say in a year before and a year after timeframe of the April 1st date?

Mr. Terello stated we weren't asked to have that information for you. We'd be more than willing to give it to you.

Alderman Roy stated I'm just trying to show the subjectivity of the assessment process. I'm not trying to in you down as to numbers tonight.

Mr. Terello stated just trying to educate the Aldermen that it is subjective in some of the analysis I totally agree but it's also based...it's not as subjective when you're dealing with commercial as you do sometimes maybe with residential because a lot of the things are purchased based on rents and what the property will produce for a revenue. So, actually a lot of times there are less assumptions.

Alderman Gatsas stated a 100-unit apartment complex is that considered residential or commercial?

Mr. Hurley replied that's commercial.

Alderman Gatsas asked was there any analysis done from the conversions that we've had in the City in the last five years that were deemed and sold as commercial and then turned around and resold as residential?

Mr. Hurley replied we know there's been a tremendous amount of condo conversions. We didn't do the full analysis but we know one condo conversion alone we estimated was about a half of a percent shift from residential to commercial and that's just off one condo conversion and as you can see in the City there's been multiple ones of those so assuming there was no condo conversions the percent of commercial property would have actually been significantly higher than the 37%.

Alderman Gatsas stated so what you're saying to me is that we can go back and take an analysis of what the condo conversions are and you probably could do those from the commercial side I think that may put the rest for the rest of this Board to understand that our commercial base when the process started was much higher and the growth that we've seen in the residential base is only because we've taken 100 apartments and converted them to single-families or converted them to condos and that's increased the residential base. So, I think that that needs to be analyzed and probably the biggest analysis because I think when you find it you're going to find that that \$59 million commercial base you were talking about may expand to somewhere around \$70 or \$80 million. And, the shift that you saw in the

residential up to a hundred. If you left them in the same places that they belong you may see that side drift down to maybe \$80 million. So, I think that the conversion situation that we have in this City just thinking of the properties that are just are North River Road that have been converted and then up on Edward J. Roy Drive I think you will find that that shift if you put them back in the proper perspective you will find that the commercial base grew at a bigger extent than the residential that they stayed on the commercial side.

Mr. Terello stated to add to that that is a pattern that is occurring in other communities also that is causing part of the shift. So some of it is not all value like you're saying but shift in use.

Mayor Guinta stated seeing there are no other questions thank you very much appreciate it.

CONSENT AGENDA

Mayor Guinta advised if you desire to remove any of the following items from the Consent Agenda, please so indicate. If none of the items are to be removed, one motion only will be taken at the conclusion of the presentation.

Accept Minutes

- A. Minutes of meetings of the Board of Mayor and Aldermen held on October 3, 2006 (two meetings) and October 16, 2006.

Ratify and Confirm Poll Conducted

- B. On January 26, 2007 approving the acceptance of a Lead Hazard Reduction Demonstration grant award in the amount of \$1.8 million and authorizing the Mayor to enter into such contract with the U. S. Department of HUD.
(Unanimous vote)

Approve under supervision of the Department of Highways

- C. PSNH Pole Petition #11-1143 located on Sheffield Road;
PSNH Pole Petition #11-1146 located on Bodwell Road;
PSNH Pole Petition #11-1147 located on Gold Street; and
PSNH Pole Petition #11-1148 located on Lindstrom Lane.

Informational – to be Received and Filed

- D. Minutes of the Mayor's Utility Coordinating Committee meeting held on January 17, 2007.
- E. Communication from the Contributory Retirement System seeking the Board's support of SB 37 relative to accidental death benefit payments in the City of Manchester Employees' Contributory Retirement System.

REFERRALS TO COMMITTEES

COMMITTEE ON FINANCE

G. Bond Resolution:

“Authorizing Bonds, Notes or Lease Purchases in the amount of Five Million Three Hundred Thousand Dollars (\$5,300,000) for the 2007 CIP 713107, Granite Street Reconstruction – Phase 3 Project.”

H. Resolutions:

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Seven Thousand Three Hundred Seventy Six Dollars (\$7,376) for the FY2007 CIP 210107 Homeless Health Care Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Two Thousand Six Hundred Eighty Dollars (\$2,680) for the FY2007 CIP 411007 NH Sobriety Checkpoint Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Three Thousand Nine Hundred Twenty Dollars (\$23,920) for the FY2007 CIP 411307 Project Safe Neighborhoods Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Four Thousand Dollars (\$24,000) for the FY2007 CIP 411507 Stop Violence Against Women (VAWA) Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of One Million Eight Hundred Thousand Dollars (\$1,800,000) for the FY2007 CIP 610407 Housing Rehab/Lead Hazard Control Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Five Million Three Hundred Thousand Dollars (\$5,300,000) for the 2007 CIP 713107 Granite Street Reconstruction – Phase 3 Project.”

“Amending the FY2007 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Ten Thousand Five Hundred Dollars (\$10,500) for the FY2007 CIP 811407 Manchester VISTA Initiative Program.”

REPORTS OF COMMITTEES

COMMITTEE ON ACCOUNTS, ENROLLMENT AND REVENUE ADMINISTRATION

- I.** Advising that it has accepted the Board of Assessors abatement and overlay account updates and is forwarding same to the Board for informational purposes.
(Unanimous vote with the exception of Alderman Thibault who was absent.)

- J.** Advising that it has accepted the Internal Audit Report of the Finance Department -Treasury and is forwarding same to the Board for information purposes.
(Unanimous vote with the exception of Alderman Thibault who was absent.)
- K.** Advising that it has accepted the City's Monthly Financial Statements (unaudited) for the six months ended December 31, 2006 for FY2007 and is forwarding same to the Board for informational purposes.
(Unanimous vote with the exception of Alderman Thibault who was absent.)
- L.** Advising that it has accepted the following Finance Department reports:
- a) department legend;
 - b) open invoice report over 90 days by fund;
 - c) open invoice report all invoices for interdepartmental billing only;
 - d) open invoice report all invoices due from the School Department only;
 - e) listing of invoices submitted to City Solicitor for legal determination;
 - f) account receivable summary.
- and is forwarding same to the Board for informational purposes.
(Note: available for viewing at the Office of the City Clerk and forwarded under separate cover to Mayor and Aldermen.)
(Unanimous vote with the exception of Alderman Thibault who was absent.)
- M.** Advising that the 2nd quarter FY2007 write off list for the accounts receivable module be approved.
(Unanimous vote with the exception of Alderman Thibault who was absent.)

COMMITTEE ON COMMUNITY IMPROVEMENT

- N.** Recommending that amending resolutions and budget authorizations for projects be approved as follows:
- 210107 Homeless Health Care \$7,376
411007 NH Sobriety Checkpoint \$2,680
411307 Project Safe Neighborhoods \$23,920
411507 Stop Violence Against Women \$24,000
610407 Housing Rehab/Lead Hazard Control \$1,800,000
811407 Manchester VISTA Initiative \$10,500
(transfer from another project)
- and for such purpose resolutions and budget authorizations have been submitted.
(Unanimous vote)
- O.** Recommending that the Board authorize expenditure of funds in the amount of \$5,300,000 for the 2007 CIP 713107, Granite Street Reconstruction – Phase 3 Project, and for such purpose resolutions and a budget authorization have been submitted.
(Aldermen Garrity, O'Neil, Osborne and Duval voted yea, Alderman Gatsas was recorded in opposition.)
- P.** Recommending that the administering agency for Parking & Traffic Improvements #710905 be revised from Traffic Department to Parking Division/Highway and for such purpose a budget authorization has been submitted.
(Unanimous vote)
- Q.** Recommending that a request of Public Works Director Thomas to change the official name of Jennas Way to Jenna Way be granted and approved.

(Unanimous vote)

- R.** Recommending that a petition to discontinue Pamela Circle submitted by the Airport Director be referred to a Road Hearing to be held at the earliest date to be determined by the City Clerk.
(Unanimous vote)
- S.** Recommending that the Board adopt a policy standard of utilizing granite markers as outlined herein for future replacement and initial markers honoring Veterans of our City.
(Unanimous vote)
- U.** Advising that it has authorized the Parks, Recreation and Cemetery Department to dispose of the former Singer Park sports lighting and a skating rink to eliminate current storage fees for equipment which no longer has a value.
(Unanimous vote)
- V.** Recommending that requests for abatements be approved as recommended by EPD as follows:
206 Ash Street - \$259.20; and
56 Wellington Court - \$37.80.
(Unanimous vote)
- W.** Recommending that an abatement of \$850.00 be granted for property at 356 Belmont Street. The Committee notes that though this was not the recommendation of EPD, after discussion and review the Committee's opinion is that the abatement presently recommended is appropriate.
(Unanimous vote except for Alderman Gatsas who was opposed.)

COMMITTEE ON JOINT SCHOOL BUILDINGS

- X.** Advising that they have approved the extension of DMJM's contract as set forth in the January 22, 2007 communication (enclosed herein) from DMJM to Tim Clougherty, Chief Facilities Engineer; and further authorizes the Public Works Director to enter into the contract extension on behalf of the City of Manchester and authorizes the use of the project contingency funds to pay for the contract extension, subject to the review and approval of the City Solicitor.
(School Committee Members Beaudry and Gelinas and Alderman Roy voted yea; Alderman Long was opposed; School Committee Member Herbert and Alderman Thibault were absent.)
- Y.** Advising that they have authorized a request to expend up to \$321,000 from the School Facilities Improvement Project contingency fund and that such funds be placed into the Owner Controlled Insurance Program (OCIP) Reserve account for the Public School Facilities Improvement Project.
(School Committee Members Beaudry and Gelinas, Aldermen Roy and Long voted yea; School Committee Member Herbert and Alderman Thibault were absent.)

COMMITTEE ON LANDS AND BUILDINGS

- Z.** Advising that it has accepted the Board of Water Commissioner's conceptual approval for the placement of a conservation easement on a 460-acre parcel of land in the Town of Auburn identified as Battery Point and surrounding the Educational Center operated by the Audubon Society of NH and filed the requested pending final documents to be presented to the Committee.
(Unanimous vote)

HAVING READ THE CONSENT AGENDA, ON MOTION OF ALDERMAN O'NEIL, DULY SECONDED BY ALDERMAN PINARD, IT WAS VOTED THAT THE CONSENT AGENDA BE APPROVED.

- F.** Communication from Comcast submitting the fourth quarter 2006 franchise fee payment in the amount of \$321,673.22.

Alderman Shea stated this has to do with Comcast submitting the fourth quarter franchise payment of \$321,673.22. The reason I'm bringing this up, your Honor, is because there is going to be a rate increase coming up and people are going to call Aldermen and say how come you're raising the cable rates. I want to make it known publicly that the Aldermen do not raise the cable rates. We have no control over the cable rates...this is done by the cable company since there is no federal restrictions on the amount of money the cable companies are allowed to employ. So, before we get calls I just want that to be known.

Alderman Shea moved to receive and file. Alderman Garrity duly seconded the motion.

Alderman Gatsas stated I want to make sure that we as a Board understand that we're going to be coming into a budget cycle and it's going to be a very tight budget cycle and with that increase that Comcast is giving we're also increasing the amount that we're giving to MCAM. So, if we were...as I said a year ago rather than giving somebody a percentage we should be giving them a budget and I would hope that this Board would reconsider it's position and it's vote of a year ago because we're giving these folks a raise and we don't even know if they need the money and better used in the budget.

Mayor Guinta called for a vote on the motion. There being none opposed, the motion carried.

Report of the Committee on Community Improvement

- T.** Advising that it has referred the request of Alderman Forest for funding for the rehabilitation of the playground and resurfacing of the basketball court at Blodgett Park to the budget cycle currently underway for the next fiscal year.
(Unanimous vote)

Alderman Forest stated I just want to thank the CIP Committee for taking it off the table and referring it to the budget process. But, while I'm on this subject I just want to ask a couple of questions about the dam itself at Maxwell Pond I don't know where that is and also there was damage...the current around the dam during the flood and I'm just wondering if FEMA has reimbursed or will reimburse Parks and Recreation and when that's going to happen.

Mayor Guinta stated when Parks and Recreation is going to get reimbursed from FEMA. We've been reimbursed for a portion of it, correct. And, the final reimbursement will come in the next year.

Alderman Forest stated can I ask Ron then...is there a tentative date about fixing the fence around Maxwell's which is just a temporary structure right now...not yet. Okay, thanks.

Alderman Forest moved to accept, receive and adopt the report of the Committee on CIP. Alderman Shea duly seconded the motion. There being none opposed, the motion carried.

Mayor Guinta presented the following nominations:

Conservation Commission

Victor Goulet to succeed Marty Gavin (resignation), term to expire August 1, 2008;
Gregory Duval to succeed Kathleen Neville (resignation), term to expire August 1, 2008

Safety Review Board

Craig Smith to succeed Mark Laliberte (resignation), term to expire March 15, 2009.

Trustees of Trust Fund

Sylvio L. Dupuis to succeed himself, term to expire January 2010
Kevin J. Howe to succeed himself, term to expire January 2010

These nominations to layover to the next meeting of the Board pursuant to Rule 20 of the Board of Mayor and Aldermen.

7. Confirmation of the nomination of Paul Servideo to succeed Marty Gavin as a member of the Conservation Commission, term to expire August 1, 2008.

Mayor Guinta stated Mr. Servideo has withdrawn his name.

8. Confirmation of the nomination of William A. Varkas to succeed himself as a member of the Highway Commission, term to expire January 15, 2010.

Alderman Forest moved to confirm the nomination of William A. Varkas as presented. Alderman Garrity duly seconded the motion. There being none opposed, the motion carried.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to recess the regular meeting to allow the Committee on Finance to meet.

Mayor Guinta called the meeting back to order.

OTHER BUSINESS

Alderman Gatsas stated while we're still on that subject the \$5.3 is it alright if I make a request of Highway to give us a total identification of costs on that project and where the

funds are going...totally...on the whole project and what is included in engineering costs for the additional \$650,000.

Mayor Guinta stated okay so noted.

Alderman Gatsas asked when can we expect that, your Honor?

Mayor Guinta asked how long will that take, Mr. Thomas?

Mr. Thomas replied in the next few days, within a week.

Alderman Gatsas stated thank you.

11. A report of the Committee on Finance was presented recommending that Bond Resolution:

“Authorizing Bonds, Notes or Lease Purchases in the amount of Five Million Three Hundred Thousand Dollars (\$5,300,000) for the 2007 CIP 713107, Granite Street Reconstruction – Phase 3 Project.”

ought to pass and lay over; and further that Resolutions:

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Seven Thousand Three Hundred Seventy Six Dollars (\$7,376) for the FY2007 CIP 210107 Homeless Health Care Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Two Thousand Six Hundred Eighty Dollars (\$2,680) for the FY2007 CIP 411007 NH Sobriety Checkpoint Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Three Thousand Nine Hundred Twenty Dollars (\$23,920) for the FY2007 CIP 411307 Project Safe Neighborhoods Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Four Thousand Dollars (\$24,000) for the FY2007 CIP 411507 Stop Violence Against Women (VAWA) Program.”

“Amending the FY2007 Community Improvement Program authorizing and appropriating funds in the amount of One Million Eight Hundred Thousand Dollars (\$1,800,000) for the FY2007 CIP 610407 Housing Rehab/Lead Hazard Control Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Five Million Three Hundred Thousand Dollars (\$5,300,000) for the 2007 CIP 713107 Granite Street Reconstruction – Phase 3 Project.”

“Amending the FY2007 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Ten Thousand Five Hundred Dollars (\$10,500) for the FY2007 CIP 811407 Manchester VISTA Initiative Program.”

ought to pass and be Enrolled.

(Aldermen Roy, Long, Duval, Osborne, Pinard, O'Neil, Lopez, Garrity, Smith, and Forest voted yea. Aldermen Gatsas, Shea and DeVries in opposition to two resolutions relating to \$5.3 Million for Granite Street Reconstruction.

Alderman Roy moved to accept, receive and adopt the report of the Committee on Finance.
Alderman Osborne duly seconded the motion.

Alderman Gatsas stated what I'm looking at here on the \$5.3 million...that's appropriating the funds isn't it.

Deputy City Clerk Johnson stated there are two resolutions being presented. One authorizes and appropriates the funds.

Alderman Gatsas stated but we're not appropriating only \$5.3 million.

Deputy City Clerk Johnson stated that is amending the CIP to up it the \$5.3 million...you have already approved previous amounts.

Alderman Gatsas stated that's on the bonding but we're appropriating more funds than \$5.3.

Deputy City Clerk Johnson stated no.

Alderman Gatsas stated we have to be if he's getting another \$650,000 from the state.

Deputy City Clerk Johnson stated I would defer to the Planning Director or to Mr. Thomas with regard to that but this resolution deals only with increasing the FY2007 CIP so as to appropriate the \$5.3 million which is also being presented as part of a Bond Resolution which is the basis for funding.

Mr. Thomas stated the \$5.3 is what's being appropriated...that's what the Bond Resolution is for. I believe that there has been previous start ups going back that has already appropriated both the federal funds and the state railroad funds, I believe that's the case.

Mr. MacKenzie stated I believe that there was funding appropriated from the state from the railroad crossing I don't remember the exact amount but I can verify that and get back to the Board.

Alderman Gatsas stated so we'll know when the appropriation was done, your Honor, because this appropriation either has to include it or the last one did because in 2005 you had it and it was \$5.1.

Mayor Guinta stated we'll have it researched and we'll get it back to the Board. The motion is on the floor correct and call for a vote on the motion. The motion carried with Alderman Gatsas, Shea and DeVries duly recorded in opposition to the two resolutions relating to the \$5.3 Granite Street project.

- 12.** A report of the Committee on Human Resources/Insurance was presented recommending that the Board approve the establishment of a full-time temporary Administration Assistant I position in the Police Department to provide support services for the domestic violence projects located in the Manchester District Court. (Note: annual salary is \$26,376 funded 100% through a NH Department of Justice STOP block grant.)
(Unanimous vote)

Alderman DeVries moved to accept, receive and adopt the report of the Committee on Human Resources/Insurance. Alderman Forest duly seconded the motion. There being none opposed, the motion carried.

A second report of the Committee on Human Resources/Insurance was presented recommending that Ordinance:

“Amending Sections 33.024, 33.025, & 33.026 (Business Administrator) of the Code of Ordinances of the City of Manchester.”
be referred to the Committee on Bills on Second Reading and further that the Business Service Officer of the Fire Department be reclassified to a Business Administration.
(Unanimous vote)

Deputy City Clerk Johnson stated the Committee acted to refer it to the Committee on Bills on Second Reading and I think there is going to be someone who wishes to amend this report to request a suspension of the rules ultimately.

Alderman DeVries stated that would be me.

Alderman Gatsas stated, your Honor, as Chairman of Human Resources there was discussion last night that we were going to suspend the rules for the Domestic Violence Project because it was federal funds coming through the Department of Justice so the recommendation was that it get started immediately that this Board suspend the rules so it doesn't go to the Committee on Bills on Second Reading and it can be adopted by this entire Board but there was no discussion of the other one to be suspended from not going to the Committee on Bills on Second Reading because these were federal dollars and it was affecting the project that's why the recommendation came and I think that Alderman Duval sits on Human Resources and he agreed that suspending the rules and it not having to go to the Committee on Bills on Second Reading was acceptable, however, there was no discussion about the other one not going to the Committee on Bills on Second Reading.

Mayor Guinta called upon Alderman DeVries.

Alderman DeVries stated thank you, your Honor. For everybody's edification the position that we're speaking to is a replacement for an individual at the Fire Department that retired last July and this is a reclassification of the Business Service Officer and this position was immediately requested by the Fire Department who has run not only without their Business Service Officer but also with two Deputy Chief positions open. That office is in critical need of manpower. We are going into the budget season, we cannot expect them to give us the proper information for us to go forward with our budget without that. Your Honor, this is a position that you have now at least according to Chief Kane authorized for him to hire. It just doesn't make any sense to continue in an opening and I'm requesting that the Committee allow the same liberty since you have authorized this position to be filled and that we suspend the rules for sending this to Bills on Second Reading and fill the position so that that office can operate properly.

Mayor Guinta stated let me get a motion.

Alderman DeVries moved to accept the report. Alderman Pinard duly seconded the motion.

Alderman DeVries moved to suspend the rules and place this ordinance on its final reading by title only. Alderman Forest duly seconded the motion.

Alderman Shea stated I find it kind of difficult to understand because the Fire Chief sat in front of us last night and he didn't indicate that there was a real serious problem about going through the necessary channels. I'm not sure, I don't want to speak for him but he can come up and explain.

Mayor Guinta stated before you do that. I don't want to confuse people who are watching at home. We had a BSO (Business Service Officer) retire, there was a request for a BSO replacement, we have reached an agreement where we would not hire a BSO but promote somebody from within to the BA (Business Administrator) so that person is already at the Fire Department. This is a cost saving measure. As many of you know I don't necessarily agree with the BSO formula/format but I do share the concern with the Chief that there is a need for some sort of business person within the department...that person is there, she exists, she's doing the job of a higher grade, therefore, this is an acknowledgment of that.

Alderman Shea stated no one disagrees with that, your Honor. All I'm saying to you is last night Alderman Garrity was there, Alderman Duval...we were all there. There was no discussion...Ginny Lamberton was there. If there was a serious problem at that time then we certainly would have wanted to do that but it kind of makes it difficult to understand why it wasn't brought up last night. We approved it and so forth...I don't know I'm just speaking for myself.

Mayor Guinta stated I will go back to Alderman DeVries and then Alderman Roy.

Alderman DeVries stated I don't think we should hold the Fire Chief responsible for not knowing all the rules of what this Board can actually do to suspend the rules. The position that we did have to request from the Human Resources Director to suspend the rules was several items later when the Chief had already left. I think I thought listening at home that he was quite clear that they had a very dire need to fill this position to head into the budget season so that they can provide the Mayor and this Board with all of the pertinent details that we need to make our budget decisions. I heard that many times.

Mayor Guinta stated it may be true but I don't know if that requires suspension of the rules so we'll have to make that decision whether we suspend it or it goes through the normal process.

Alderman Roy stated I just want to mention in my mind you just summed it up. This person is doing the job at a higher pay grade without the acknowledgment, without the pay, without the title...this person is doing the job and has been doing the job so it's incumbent upon this Board just out of fairness suspend the rules, reward the person doing the job, let the Fire Chief get on with this budget and move along. This is someone who you just acknowledged, Mayor, doing the job of a higher pay grade...suspend the rules and let's get this moved.

Alderman O'Neil stated two weeks from now we're going to vote to approve this...that's the bottom line. But, two weeks from now we're going to vote to approve this. This has dragged on a long time whether the Chief knew the rules of the Board or anything this thing has dragged on, we know what the outcome...the request that you had to take a look at the BSO so at the end of the day we're going to accomplish everybody's objectives.

Mayor Guinta stated there was a desk audit completed by Human Resources. The Chief and I have met several times over the last several months. This is a cost saving measure let's not ignore the fact that we're probably going to save \$100,000 by doing this so that's a significant improvement at least from my view so I want to make sure that doesn't get lost.

Alderman O'Neil stated if I may I think the person doing the job has stepped up, she hasn't complained, she continues to do both jobs and I just think that the sooner we get it done the better.

Alderman Gatsas stated if this Board remembers I had made a motion to fix the rules so that this process didn't have to go to the Committee on Bills on Second Reading and it could go directly out. But, my colleagues for some reason fail to acknowledge that that was the proper thing to do so tonight we're going to suspend the rules and just move it along so maybe we should change that rule so it doesn't happen again.

Mayor Guinta stated I assume that means you'd be voting in favor.

Alderman Gatsas stated I'm voting in favor, your Honor, as long as you don't fill the position that we're moving from so that it is a cost-effective approach.

Mayor Guinta stated that agreement has also been made.

Alderman Gatsas stated I hope so.

Mayor Guinta called for a vote on the motion. There being none opposed, the motion carried.

Alderman DeVries moved to accept the report as amended. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

“Amending Sections 33.024, 33.025, & 33.026 (Business Administrator) of the Code of Ordinances of the City of Manchester.”

Alderman Roy moved to suspend the rules and place the Ordinance on its final reading by title only at this time without referral to Committees. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried and the Ordinance was read by title only.

This Ordinance having had its final presentation, Alderman DeVries moved on passing same to be Ordained.. Alderman Forest duly seconded the motion. There being none opposed, the motion carried.

- 13.** A report of the Committee on Lands and Buildings was presented recommending that the Board find a 4,610 s.f. block of City-owned former rail ROW land which immediately abuts the southeast side of Tires, Inc. property (TM 378, Lot 1) surplus to City needs and further recommends that such property be traded in exchange for a 265 foot long by 15 foot wide pedestrian/bicycle passage easement over Tax Map 378, Lot 1.

The Committee recommends that the Board authorize the City Solicitor to prepare such documents as may be required and further authorize execution of same to consummate the exchange.

The Committee notes that the Planning Director, Board of Assessors and Tax Collector have provided reports consistent with such disposition, and finds good cause to dispose of said property in such manner as such actions would greatly advance the City's on going Trailway project, which does not require the fee simple ownership provided easements are accepted, and would significantly contribute to resolving long-standing ROW issues between the city and Tires, Inc.

(Unanimous vote, Alderman Thibault absent.)

Alderman Smith moved to accept, receive and adopt a report of the Committee on Lands and Buildings. Alderman Lopez duly seconded the motion. There being none opposed, the motion carried.

A second report of the Committee on Lands and Buildings was presented recommending that the Board approve settlements under a class action litigation before the federal district court for the Southern District of Indiana by approving AT&T Fiberoptic Cable Easements and release as enclosed herein; authorizing the Mayor to execute same for and on behalf of the City; and accept anticipated funds to be deposited in general fund and enterprise accounts as may be appropriate as follows:

Tax Map 641A, Lot 18 (so-called Waster Water Treatment Plant property) \$8,374.80;

Tax Map 415, Lot 1 (so-called Amoskeag Bridge/River Road property (\$420.00;

Tax Map 150-7 (so-called Transportation Center) \$100.00; and

Tax Map 419-1 (so-called Stark Park property) \$1,967.00

such execution and deposit of funds to be conducted subject to the review and approval of the City Solicitor.

(Unanimous vote, Alderman Thibault absent.)

Alderman Smith moved to accept, receive and adopt a second report of the Committee on Lands and Buildings. Alderman Shea duly seconded the motion.

Alderman Roy stated the discussion regarding acceptance was pretty brief at Lands and Buildings but where the funds end up...general fund and enterprise accounts...if the City Solicitor could just comment on that...do we have the right to not put it into the enterprise accounts for those properties?

City Solicitor Clark replied at this time I'm not sure we'd have to take a look at that for you, Alderman.

Alderman Roy stated I would look to ask that a possible amendment to this would be that we accept the funds and then the appropriation comes back at a later meeting to the full Board.

City Solicitor Clark stated it's not an appropriation...we're receiving revenues.

Alderman Roy stated right the deposit of the funds into the enterprise accounts comes back to this Board.

Deputy City Clerk Johnson stated we verbaged it as may be appropriate because there was going to be research done by the City Solicitor and Finance Officer and if that property was purchased with enterprise funds it will need to go back there if it was not it would go to the general fund and we're not clear on that until we do the research so appropriate would indicate general fund if possible first and if not that portion will have to go to enterprise and it would just be a deposit of revenue not an appropriation.

Mayor Guinta called for a vote on the motion. There being none opposed, the motion carried.

14. State Legislative update.

Mayor Guinta stated in case everyone has not had an opportunity to meet Mark Laliberte who started last week. So, he has prepared a Legislative update, which I believe has been handed out to everybody and we'll be doing this again at every BMA meeting or as necessary as the session moves forward. One particular bill that I think is more significant than anything else at the moment because the hearing is tomorrow is SB 35 and was filed by one of our Aldermen, Senator Gatsas and it's relative to the Disaster Relief Assistance in response to the May 2006 flooding. Essentially what this legislation does would reimburse the City for the federal and state disaster funds with a maximum amount paid by the City of \$5,000. I am going to testify tomorrow on behalf of this legislation and I suspect one of the questions that I will be asked is if the full Board of Mayor and Aldermen supports the legislation so I would certainly be looking for a motion of support for this piece of legislation.

Alderman Roy moved to support SB 35. Alderman Shea duly seconded the motion.

Alderman Roy stated I'd like to thank you for testifying and thank Alderman Gatsas for putting this forward and his diligent work on behalf of the City of Manchester.

Mayor Guinta called for a vote on the motion. The motion carried with Alderman Gatsas duly recorded as abstaining.

Alderman Shea stated let's not forget our colleague here in Ward 8 (Alderman DeVries) she has a strong vote up there too.

Alderman DeVries stated I'm just wondering if you could comment on HB 363 that you show as tracking...maybe a comment to the City interest that following on that.

Mayor Guinta stated at the moment we're just tracking it. So, at this point we will take a look to see how it moves through the House and the Senate and I may or may not have a position on it.

Alderman DeVries stated I understand that I'm just trying correlate the City interest involved in that particular bill. I understand the social implications.

Mayor Guinta stated it's just a bill that I'm tracking. I track a lot of bills.

Alderman Forest stated I know I spoke to Mark and I guess he's going to be up there tomorrow but HB 340 which is the one about restricting sex offenders and then HB 404 is going to be heard in the Criminal Justice Committee tomorrow morning at ten and the marijuana bill is in a sub-committee right now and it probably won't come up for ten years but anyway it's in the sub-committee now.

Alderman Lopez asked does anyone know about SB 85...if not can we get some information on it...exactly what they mean.

Mayor Guinta stated get a more specific status from Mr. Laliberte.

Alderman DeVries stated I could speak to it. Senate Bill 85 is a bill that I've sponsored on behalf of a constituent. This Board will be familiar with him as he has been before us looking for some relief. This is a paraplegic that was injured as a youth, not eligible for Social Security so not eligible for a property tax exemption. There is a marriage loophole...married as an adult so not eligible under the income limits. We are looking to amend that legislation or to change the legislation to erase the loophole...the Assessors spoke to it...it just had it hearing today...their estimate is that there are six individuals, a handful in the City of Manchester that are disabled under the criteria for Social Security and may have eligibility if they meet the rest of the criteria when they come before the Assessors but first they have to meet the criteria of state law and this individual actually realizes that he has a full separate step later where he has to prove his criteria and his eligibility under City standards.

Mayor Guinta stated thank you very much.

Alderman Roy stated just a quick offer on HB 201...as Solid Waste Chairman if you need anything and I'd also ask...we got the report from the Highway Department but I would just want Corcoran Environmental to sign off as opposed to that as well.

Mayor Guinta addressed Item 25 at the request of Alderman O'Neil since there were a number of people present and waiting for this item.

- 25.** Draft Emergency Management Plan for the City of Manchester.
(Tabled 01/02/2007 until February 6, 2007 – Plan previously distributed to members of the Board and recent communications from the Health Department and SNHPC enclosed.)

Alderman Garrity moved to address Item 25 next and remove it from the table for discussion. Alderman O'Neil duly seconded the motion. The motion carried.

Alderman O'Neil stated at a full Board meeting we asked them a number of questions, they got back to us...the team working on the Emergency Plan got back to us in a very short time which I want to thank them for that. This is still to receive the Draft Report so we're going to get one more look at this, so unless there was going to be long debate on it tonight we still have a long night ahead of us and I hate to see them sit here...it's probably the only tabled item we're going to remove.

Alderman O'Neil moved that the Board accept the Draft Emergency Management Plan Report with the new information provided us and allow them to move forward in finalizing it. Alderman Roy duly seconded the motion. There being none opposed, the motion carried.

- 15.** Communication from Alderman Osborne requesting funding approximated at \$4,250 for flashing signals at the intersection of Massabesic and Cypress Streets from either Contingency or refer the matter to the FY2008 budget.

Alderman Osborne moved to set aside \$4,250 from contingency for the purpose requested. Alderman Pinard duly seconded the motion. A roll call vote was taken. Aldermen Osborne, Pinard and O'Neil voted yea. Aldermen Lopez, Shea, Garrity, Smith, Forest, Roy, Gatsas, Long and Duval voted nay. Alderman DeVries abstained. Alderman Thibault was absent. The motion failed.

Alderman Osborne moved to refer the request to the FY2008 budget. Alderman O'Neil duly seconded the motion. There being none opposed, the motion carried.

- 16.** Communication from Martin Boldin, Chair of the City's Alcohol, Tobacco, and Other Drug Task Force, requesting the reinstitution of the Special Aldermanic Committee on Alcohol and Other Drug Abuse.

Alderman O'Neil moved to approve the reinstitution of the Special Aldermanic Committee but allowing you as Mayor and Alderman Lopez to talk about...we've had this I think at least two ways that I'm aware of...with a single Alderman serving on the Committee as Chair with a co-Chair...Alderman Pinard and I at one point where Co-Chairs of it and then whether or not it makes sense to have a traditional Special Committee of the Board with five Aldermen. So, I think it's a great idea but I'd like to refer it to you and to Alderman Lopez to come back at a future meeting with a recommendation on what is probably the most effective way for this to be set up.

Alderman Shea duly seconded the motion.

Mayor Guinta asked do I have to accept and then amend.

Deputy City Clerk Johnson stated I think the motion has been to refer it to Alderman Lopez and to the Mayor for recommendation back to the Board.

Alderman Lopez stated I do agree with that 100%. I just want the Board to know that I've had some discussions in reference to this with the Director and a couple of the Aldermen. I think it would be appropriate to have a committee but I think that with the Mayor and myself we need to identify the mission of that committee number one and number two I'd like to also include youth into that committee somehow because we do not have a handle on all the youth in the City so I would like to have some discussion and let the Board know that I am going to have some discussions with the Mayor about that because I think it would be a very important committee to get a handle on both not only the drug aspect of it but the youth aspect of it.

Mayor Guinta called for a vote on the motion. There being none opposed, the motion carried.

- 17.** Communication from Kevin Dillon, Airport Director, requesting approval of an additional 60-day unpaid leave of absence for Operations/ Maintenance Specialist Richard Votour to allow adequate time to obtain additional medical treatment and/or a further medical prognosis.

Alderman O'Neil moved to approve the Airport Director's request regarding an additional 60-day unpaid leave of absence for Richard Votour. Alderman Roy duly seconded the motion. There being none opposed, the motion carried.

- 18.** Communication from Kevin Dillon, Airport Director, requesting authorization to negotiate and execute the purchase of parcel Map 851, Lot 1-B which is necessary to comply with federal regulations in conjunction with a construction project to extend the safety areas of Runway 6-24

Alderman Forest move to authorize the Airport Director to negotiate and execute the purchase as outlined, subject to the review and approval of the City Solicitor. Alderman DeVries duly seconded the motion. There being none opposed, the motion carried.

- 19.** Communication from Frederick McNeill, Chief Sanitary Engineer, submitting a proposed four-step sewer rate adjustment program.

Alderman O'Neil moved for discussion. Alderman Duval duly seconded the motion. There being none opposed, the motion carried.

Mayor Guinta recessed the regular meeting of the Board.

Mayor Guinta called the meeting back to order.

Mr. Frank Thomas stated we're here tonight to give you a brief presentation on a sewer rate proposal by us and to answer any questions you may have. With me here tonight to my right is Fred McNeill, Chief Sanitary Engineer. To my left is Joe Ridge from the firm of Camp, Dresser and McGee. He's done all of our past sewer rate studies and if you remember he also did the rate study for the Waste Water Treatment Plant. Before I turn it over to Joe to give his presentation I just want to raise a couple of points for you to consider as you listen to the presentation. First, Manchester presently has one of the lowest sewer rates in the State of New Hampshire even though we have the largest Waste Water Treatment Plant and the City has a very old combined system of sewers that are over a hundred years old on top of that we are under a federal CSO mandate to address our CSO issues in the City. Secondly, over the last ten years we've only had one rate increase even though we've experienced increased operating costs and we've also experienced costs of extending the Cohas Brook Interceptor into south and east Manchester. In addition, as I mentioned we are under a CSO mandate right now and we have spent almost \$54 million doing separation work as part of our Phase I project. Anybody driving over on the west side I'm sure has seen the work that's been done over there. And, so we've been able to accomplish all that with just one rate increase over the last ten years. And, lastly, we are now faced with over \$210 million in capital work over the next ten years. Approximately \$125 million of that is again CSO related which is a federal mandate that we have no control over and also we're looking at approximately \$45 million to upgrade the Waste Water Treatment Plant that is now 30 years old. Many of the major components in the treatment plant haven't been replaced, they're getting old, they're getting tired. In addition we need increased capacity and also meet more stringent discharge requirements from the state and EPA. Having said that I'd like to turn it over to Joe Ridge so we can go through this presentation quickly. If we could hold the questions till the end and then we'll try to answer them. Thank you.

Mr. Joe Ridge of Camp, Dresser and McKee stated thanks, Frank. What I'd like to do is give you a brief overview of the work that we've completed. We've been working with EPD and Frank's staff since about August or September on this and what we've done is we've sort of looked at the last ten years to understand how EPD's finances have changed and then looked...given the CSO requirements that Frank mentioned where things are going and as we've done this work there's sort of three or four key points that strike me. One is over the last ten years EPD's capital and operating expenses have increased by approximately 120%, however, the sewer rates and sewer revenues have increased less than 15%. The reason that that's worked out is EPD has used available cash to sort of buy down the rate over time. That cash is essentially expended at this point which causes the need to move forward with a rate increase. Through the last ten years and looking forward the City will continue to have significant capital improvements that makes most of these and most of these are mandated by the federal government either directly through the CSO Consent Order or as a requirement to maintain the reliability and integrity of your treatment system and as we go forward you'll

see a lot of those increases and then to reiterate the point that Frank has already made even with the proposed increases in overtime Manchester's rates have been competitive and low relative to the state average. This graph really tries to illustrate those points...the purple(ish) bars are what revenues have been for the last ten years...the blue(r) bars are what expenditures have been and then the yellow line shows you what's happened with the cash balance that EPD has. If you look at this up until 2001-2002 revenues were ahead of expenses. In 2002 when the CSO construction program really took hold expenditures started to exceed revenues and that pattern has continued and the gap has increased some over that period. So, that essentially takes you over the last ten year's history. Again, go back...Manchester's current rate is approximately 60% of the state average. The state average is the red bar in the middle at about \$426, Manchester's current household bill is about \$260. Over time all of these communities will have increases of various amounts so as you look going forward we expect Manchester to continue to remain competitive. Now, based on the City's best understanding of what requirements are being mandated from the federal government what the Phase II CSO program will require as well as to maintain the integrity of the system the total capital improvements over the next ten years are estimated to be about \$210 million. The largest share of that is the CSO Abatement program which is anticipated to require about \$125 million...a portion of that work is part of the Phase I CSO Consent Decree that is in effect. A portion of that is what is expected to be put in as part of the Phase II requirements, which will be formalized around 2010. The next largest part of that program is the Waste Water Treatment Plant renovation and currently estimated at about a cost of \$45 million for that renovations. The plant is 31 years old so a lot of the equipment in the processes are in need of upgrade. Failure to move forward with that upgrade would essentially endanger the City with another Consent Decree to failing to meet the discharge requirements. The last item...Sewer Rehabilitation...about \$18 million over that ten year period is similar to what's being proposed for the Waste Water Treatment Plant renovation in terms of it's a basic step to ensure the integrity of the system and to ensure that you comply with all applicable federal rules and state rules in terms of the quality of your system. The final element of the CIP is to provide sewers into the Cohas Brook area which will provide service to customers that currently don't have it to allow greater development in that area and will increase the customer base for the sewer system. Now, Fred may have some comments on the CIP.

Mr. McNeill stated no.

Mr. Ridge stated this graph essentially takes these four points from the previous bullet shows you what the anticipated expenditure is over time and the light blue bars that get relative large in the out years are the CSO requirements...the purple(ish) bars are the Waster Water Treatment Plant upgrade. So, if you think about those as sort of mandated projects you can see the bulk of the CIP that the City phase is going forward...essentially accrues or results from a federal or a state mandate. In terms of the need for the City to go forward this graph essentially says that if the City were to approve no additional project, not move forward

what's the balance between revenue and expenditures and this follows from the first graph I showed where because of the spending over time you're currently below what you need to generate. This next graph essentially says okay where the CIP is we currently understand it...what expenses are going to do and you can see expenses growing from about \$16-17 million in 2007 to about \$26 million ten years from now...that includes the full CIP as well as the increases in operating costs we expect over time. In order to balance revenues and expenses over that time period what we're recommending is that the City undertake a 4-step rate increase. Essentially the proposal is that effective for bills issued after April 1st of this year (2007) the overall bill be increased by \$25.00. For a typical household that means an increase of \$65.00 on an annualized basis. That would then be followed by a 20% increase effective in January 2008, followed by a second 20% increase in January 2009 and then finally a 15% increase effective January 2010. With that set of increases the average household bill is estimated to be at \$540.00 for the year that starts January 2010. This graph shows where you are relative to the projected state average. We've assumed that on average sewer bills in the state will increase by 4% a year. We've taken it through 2010 as you can up through...by 2010 you're at about the state average but you stay below the state average for those intervening years and there's probably evidence to suggest that the state average is going to go up more than 4% a year but we wanted to be conservative. The recommendations we've made to the department and we make to the City is that the City move forward with the 4-step rate increase to bring revenues in line with current and future expenses. As you fund your CIP program you use the SRF to the maximum extent possible and you borrow things on a 20-year basis to smooth the rates similar to what Water Works established when they issued their revenue bonds that a two month operating reserve be created within EPD to sort of balance cash flows because a lot of their revenues are so variable based on water sales and then finally that the rates be reexamined in 2010 when the City knows what it's Phase II CSO requirements are going to be and just where you need to be and with that we'll open it up for questions.

Mr. Thomas stated before we open it up to questions I'd just like to touch on a couple of areas. I want to restate again that a majority of the costs that we've had in the past and that we're going to experience in the future are a result of federal mandates to address CSO's. This is a mandate that we don't have a choice in. There isn't any real federal money coming down to assist the City in addressing CSO's. We do apply for a 20% grant from the state when we put out a CSO project and we've been very fortunate in the past to get some minor funding from the federal government in earmarks but not enough to make a real big dent in our overall program. The second part I wanted to mention is even though we have those mandates and we're forced to spend all of this money the City of Manchester is getting a tremendous benefit by the work that we're doing. Over on the west side it was plagued with surcharging of the sewers, backing up of sewerage into basements. In doing the separation work we've eliminated that problem on the west side. We now have a west side that has in most cases a state of the art system where you have a separate storm drain and a separate sewer in the street and of course all of the work that was done digging up and putting in

these pipelines resulted in new streets left when we finished. Also, in our capital improvements it was noted that we are going to continue to finish the Cohas Brook Interceptor...that Cohas Brook Interceptor is in my estimation very, very important to the City. It is providing a sewerage capacity for south and east Manchester with the laterals that will run off that interceptor we will now be running sewers into residential areas that have failing septic systems and from a business point of view it's a benefit to us because it's increasing our user base, customer base. So, there's a tremendous benefit in that project and obviously when you have a 30-year old treatment plant that's like an old car and it could die on you tomorrow and if we can't meet our discharge limits in the Merrimack River we'd be faced with \$25,000/day fines. So, it's all work that's needed but there are some benefits. With that we will open it to questions.

Alderman Osborne stated I've lived in the City all my life and I've probably said this a million times but I think Manchester's been blessed all these years with the water that we've had and the service that we've had. When you mentioned it's going to be about...the average household bill in the year 2010 \$540...so I'm an average household I'm just trying to make it easier for the people out there...my bill runs about \$80-85 a quarter. So, what you're telling me is it's only going to cost another...let's say another \$40-45 a quarter.

Mr. Thomas stated that is correct.

Alderman Osborne stated I think that's the easiest way to spell it out for the people out there. When you say this large increase of 25% or whatever it sounds like a lot of money but I think for what they're getting and what we have to do mandates and so on I think this is something we should move forward with.

Mr. Thomas stated that's correct. Any increase is an impact but again when you're looking at a 25% increase in the first year and that relates to the average homeowner of about \$65 that equates to about \$5/month and as you're saying you're getting a good service, you're getting a system that's being expanded, improved and again I think for the money it's a good deal.

Alderman Osborne moved that the City move forward with the 4-step rate increase to bring revenues in line with current and future expenses. Alderman Pinard duly seconded the motion.

Alderman O'Neil stated I throw this out to any one of the three of you. I had written down that I think in your presentation you had said Manchester's average rate is \$260 today.

Mr. Thomas stated correct.

Alderman O'Neil stated and the state average today is \$426.

Mr. Thomas stated correct.

Alderman O'Neil asked any idea what some of the other communities are seeing going forward with rate increases?

Mr. McNeill replied yes Portsmouth which is another CSO community which is on this list is at the very high end and they're about \$560 now. I spoke with the City of Portsmouth earlier this week and they project they could be as high as \$1,500/year within ten years and they have a CSO community similar to us. I spoke with the City of Concord they've had rate increases the past two years and they're looking at double-digit rate increases this year. I spoke with the City of Keene and they've had rate increases the last two years and looking at increases this year. All of the communities in New Hampshire are facing more stringent regulations, larger flows and more development and it's costing more to provide these services.

Alderman O'Neil stated just for my clarification...when we talk about CSO I think the history here in Manchester's always been west Manchester and I know there's some work to finish up in west Manchester and southwest Manchester but hasn't there been talk about we need to start coming over to the east side...Cemetery Brook.

Mr. McNeill stated that is correct and that will be the Phase II CSO program and we have to submit a plan to EPA by March 2010 recommending how we're going to address that and this large amount of money is we're putting it in the bank so we'll be ready to address that in 2010.

Alderman O'Neil stated, Fred, when you say Phase II...Phase I is west Manchester.

Mr. McNeill stated that is correct...Phase II will be east Manchester.

Alderman O'Neil stated Phase I will be complete by when.

Mr. McNeill stated we had the last construction contract going out this year and everything should be wrapped up at the end of 2008. We'll do a brief study to wrap up our findings to show EPA and then we're starting in on a study for Phase II at that time.

Alderman O'Neil stated so the CSO we don't have any say that's part of an agreement with EPA correct.

Mr. McNeill stated correct.

Alderman O'Neil stated we have been fortunate at the plant that we haven't been as some other communities around the region have been in trouble with not meeting the standards but if we fail to take some proactive measures we could jeopardize our status correct.

Mr. McNeill stated that is correct.

Alderman O'Neil stated so the only thing we really have some flexibility on if we really wanted to and I'm not sure we do is southeast Manchester and the interceptor project and I know that twice in the last year or two we had a petition not too long ago about people wanting to get off septic and get on sewer and we weren't moving fast enough...I want to say that was in the Cohas Avenue area maybe.

Mr. McNeill stated and in Sibley Terrace we received two of them this year and also we're looking to move along Lake Massabesic to protect that watershed. So, we're coming in on Lake Shore Road and that whole area up there...we'll be focusing on that to protect that watershed.

Alderman O'Neil stated I do recall not too long ago the people on Shaunna Court, Greenwood Court...we couldn't get that built fast enough for them. Do you happen to know the cost to replace a septic system?

Mr. McNeill replied it depends on the soils but you're talking 5-digits at the least...over \$10,000 and depending...a lot of systems now because they were built near wetlands years ago where they didn't have regulations now have what we call pump systems...I may be elaborate but it's a minimum of \$10,000 up to \$20,000.

Alderman O'Neil stated that is what some of our homeowner's in southeast Manchester are facing is can we hold off long enough with regular pumping and that until the sewer's installed. I remember that was a problem with the Shaunna Court and the Greenwood Court people...just a couple of other questions. Are there any things you can do on your end regarding administrative and operational stuff?

Mr. McNeill replied we've actually decreased our budget by 6% this year, so we're doing our best to tighten our belts.

Alderman O'Neil stated that's operationally.

Mr. McNeill stated that's correct.

Alderman O'Neil stated I'm just curious...how old is our system?

Mr. McNeill replied our sewer system has about 340 miles, 52 miles of that is over a hundred years old. The plant as Frank said is 31 years old and what I like to keep throwing out to people is we have equipment there that's operated 24/7 for 31 years. I don't think anyone's appliance at home has operated quite that well and if we really don't start to invest the money in it it's going to start to fail and as you mentioned then there'll be violations and legal action.

Alderman Shea stated I do have a dishwasher more than 31 years old and it's still working okay. One of the thoughts is that years back when I first came on the Board I guess we had Attorney Smith in who explained about the CSO the fact that the federal government gave us 97% to clean up the Merrimack River. My question is at one time we were discussing holding tanks where Singer Park was...is the new Waster Water Treatment Plant going to be expanded so that it would take into the fact that we don't need these expansion tanks or will we still need expansion tanks to satisfy the CSO?

Mr. Thomas replied you're not going to be able to increase your treatment plant cost effectively large enough to handle the CSO's that are going to come down from there. Part of what's under investigation now we're still looking at what is the best and most cost-effective way of addressing CSO in the Cemetery Brook basin. It could be one large tank, it could be multiple tanks, it could be in-line pipe storage, it can be a lot of combinations and quite frankly the range that we have on our Phase II CSO program now ranges from approximately \$75 million to \$200 million and quite frankly we picked the \$125 million for this late study but until we sit down with EPA and negotiate with them to determine what we can negotiate as the best deal for the City we really don't know exactly what we're going to wind up building on the east side other than it's going to be very costly and it will be a benefit to the City.

Alderman Shea asked do you have any time...what's the time limit for that negotiation, Frank?

Mr. Thomas replied as Fred mentioned we have to have an agreement by March of 2010.

Alderman Shea stated the other point is will some of the problems that I addressed very calmly earlier this evening will they be included in this Phase II?

Mr. Thomas replied without a doubt.

Mr. McNeill stated I just showed Frank a study for the Revere Street area and just to give you an order of magnitude...a band aid fix is \$500,000, a full fix is \$6 million.

Alderman Shea stated I have references here where it costs on Ruth Avenue and I have the amount and again Frank says the costs keeps escalating...\$260,000 in July 2005 and

\$375,000 on So. Cypress and So. Jewett so again I'm not talking about Revere Avenue because that's on the other side of Candia Road...still in my ward and I appreciate that work and Jewett Street north of Cilley Road has some appropriation. Thanks, Frank, for telling me that will be taken care of...I appreciate that.

Alderman Smith stated Frank and Fred, I noticed your rate increases is four steps. Can you explain to me why you didn't go 4/20's instead of going 25 and 15 at the end.

Mr. Thomas stated our consultant will handle that.

Mr. Ridge stated what we were trying to do is match what the pattern of expenses are and if you remember that first graph there's a gap right now between revenues and expenses. So, that first step is really to bring revenues and expenses more in line before the new debt service associated with the CIP starts to take effect.

Alderman Smith stated I'd just like to mention that they're doing an excellent job and hopefully after five years my ward will be all through.

Alderman DeVries stated Frank I guess your testimony should be that if you had any opportunity for relief under any part of that CSO Consent Order would there be any redistribution of your priorities on what you do for sewer and drainage projects in the City.

Mr. Thomas stated correct. If we have a rate structure in effect and we're bringing in revenues and for whatever reason we don't need to spend that \$125 million as Alderman Shea mentioned there are a lot of projects that we could do with the money keeping in mind that monies that are collected under sewer use revenues that are collected under sewer fees have to be spent in sewer related capacities and yes you can do storm drainage work if you can show that it's a benefit on the sewerage system.

Alderman DeVries stated the reason I ask the question and it's not that I question the EPA agreement that you have to go forward with on the CSO in fact I think the Massabesic Lake area and a lot of the Cohas Brook area is very important to complete because there are some sensitive areas around there but I can't help but go back to a meeting I believe it was in December that DES had on the Merrimack River watershed that kind of brought home that the pollution in the Merrimack River hasn't in any way seem to have been improved by all of this CSO work and had more to do with the non-point solution feeding into the river and I just didn't know if those sort of studies since they have some very good detail information offer us any kind of wiggle room if we are looking for it to renegotiate terms with EPA and look at are we doing everything in the right order here.

Mr. Thomas stated Manchester is part of a six-community group that has studied the Merrimack River from Manchester down to the ocean and as you mentioned the gist of the

study indicated that one of the main contributors to pollution in the river nowadays is non-points...storm drainage is entering the City. As a result Manchester like a lot of municipalities have had to pass ordinances dealing with storm drainage regulations where we provide for additional cleaning and maintenance of our catch basins and our streets and pay more attention to what contractors to, etc. that contributed to this pollution. Down the road quite frankly that could be the next major area that the federal government will be looking at the City to address. We're addressing CSO's now like a lot of communities throughout the United States. Once we get those done I'm sure that somebody in Washington is going to be saying that now is the time to spend some money on these storm drainage related issues. I've already...I probably shouldn't bring this up but we've recognized that there's a potential that we're going to have to be spending a lot more money on storm drainage and I've talked to the Mayor about a way of potentially generating some revenues so we could address storm drainage the way it should be addressed but tonight's not the night to talk about that.

Alderman DeVries stated it's not that I question the CSO's that I've heard about so far I think they are very critical areas to address but I have to go back to the in fill projects...those areas that have had new sewer put in around them but there are small pockets that are left that still have their failed septic and they've been teased by having sewer installations within hundreds of feet of their streets or less at times...are they prioritized within this bonding structure and rate increase?

Mr. Thomas replied we've identified \$18.5 million to address those types of projects.

Alderman DeVries stated there's a lot of them though and I guess that's my concern. When do we find out which ones you're prioritizing?

Mr. McNeill stated in our CIP FY2008 we have a Cohas Brook Master Plan which will have an engineering firm give a more detailed look at our preliminary findings and out of that they will map out a series of construction contracts both off Cohas Brook and we can have them look at those little in fill areas and try to address that also.

Alderman DeVries stated I appreciate that, thank you, your Honor.

Mr. Thomas stated just to follow up what Fred mentioned.

Alderman DeVries interjected don't forget Lone Pine, Glen Forest and some of those others.

Mr. Thomas stated we've also identified another \$18 million to improve the existing infrastructure which in my estimation would mean that we could run a small lateral sewer off an existing sewer to pick up a small pocket. So, I think we have two funding sources built in to address the need that you have identified.

Alderman DeVries stated thank you and there's plenty of them for me to offer up.

Alderman Gatsas stated first I guess I'll take some of the blame because I've never asked the question that we've never looked at a budget that has some \$15 million in the last seven years and I guess we maybe need to open up this budget and take a look at it as we go forward because you're telling me you're cutting your budget 6% but I look and see that in 2000 or 2001 the budget went from \$6 million in 2002 where the expenses went to \$17 million. So, I look at some of those things and then I come back and want to talk to your consultant because I look at 2012 and if I take a look at the \$210 million you're looking for \$150 million once you get to your \$540 per customer you go to \$150 million over that five-year period using a rough \$13 million and a double goes to \$26 and \$26 times 5 years is about \$150 million...just using the back of the envelope now. If you're revenues right now are \$13...

Mr. Ridge stated the revenues right now are about \$12 million.

Alderman Gatsas stated let's try again and say it's \$12 and you double those revenues to \$24 and in five years we're at \$120 million in gross revenues per year.

Mr. Ridge stated we're proposing a series of rate increases that will double the rate revenue.

Alderman Gatsas stated I'm looking at your key here that says in ten years we're going to have to have \$210 million.

Mr. Ridge stated \$210 million is the anticipated capital improvements which the assumption that has been used in developing this is that that \$210 million is bonded over 20 years...those expenditures are stretched over 10 years so a portion of those expenditures are outside of this rate period.

Alderman Gatsas stated right but if I take a look at that same ten-year period and for the last five after you have your rate increases in place...

Mr. Ridge interjected rates will continue to rise.

Alderman Gatsas stated let's say they stay stable at \$540 at the end of five years because it's five years to get them into place. The next five years for the 10-year capacity that you're talking about is going to generate an additional \$13 million/year. You're not going to need \$13 million/year to cover debt service. You're going to double rates in five years.

Mr. Ridge stated rate revenue is going to go from...

Alderman Gatsas interjected \$260 to \$520.

Mr. Ridge stated so on an aggregate basis something like \$12 million to \$25 million.

Alderman Gatsas stated correct. So, the additional \$12 million that you have in place it's not going to have to cost that to cover your debt service for \$200 million projects.

Mr. Ridge stated the \$200 million in debt service needs to be added to what current expenses are in existing debt service at the time though.

Alderman Gatsas asked what's it going to cost you for \$210 million in debt service? I'm saying to you that you've compounded the cost and if you had to go through a PUC filing for these increases I think you'd be chagrined to see 25% and I guess my first question should have been are you servicing any other communities outside of Manchester?

Mr. McNeill replied yes we service Londonderry, Goffstown and Bedford.

Alderman Gatsas asked are they getting the 25% increase?

Mr. McNeill replied yes.

Alderman Gatsas stated I get a shake of a head and a yes on the other side.

Mr. Thomas stated we have Intermunicipal Agreements with the contributing communities...they pay their share based on a formula...the formula is based on flow and whatnot.

Alderman Gatsas stated I'm sure it wasn't just a yes answer or no answer.

Mr. Thomas stated the contributing communities pay their fair share of the costs of our treatment plant and our collector system to get to our treatment plant based on Intermunicipal Agreements that go back to prior to 1976.

Alderman Gatsas stated let's try the question another way. What is the rate increases for Londonderry?

Mayor Guinta stated let me just interrupt because I don't think your original question had been answered on the debt service and I think that the answer that you're probably looking for is that they were drawing down reserves is that correct...that's got to be...

Mr. Ridge stated a portion of the \$12 million that generated now is trying to meet a \$15 or \$16 million expenditure so the first 25 to 30% of that rate increase is just to bring revenues and expenses into line.

Alderman Gatsas stated but if somebody would have come to us, your Honor, in 2002 and said guess what our expenses are greater than our revenue we need to talk about a rate increase of 5% and not draw down on the \$25 million reserve that we have. Our reserve right now is less than \$5 million...that doesn't make sense to me. What if we say no to this rate increase you're going to be broke next year...you'll be in a receivership as an enterprise system for the City.

Mr. Ridge stated right now there are not sufficient revenues for the department to meet its current obligations.

Alderman Gatsas asked so where was everybody for the last four years and again I'd probably blame myself because I've been on this Board...we should have been looking at this problem since 2001.

Mr. Thomas stated in 2005 we came to the Board of Mayor and Aldermen and we got a rate increase. At that time, we had money in the bank...there was a discussion by the Board saying why are you in here asking for a rate increase when you have money in the bank. It is difficult to come in and say we need a rate increase when we have \$10 million in the bank or \$25 million in the bank or \$28 million in the bank. In 2005 we stated we would be back here in front of you in 2007...we are back in 2007.

Alderman Gatsas asked how much was the rate increase in 2005?

Mr. Thomas replied approximately 15%.

Alderman Gatsas stated maybe it's the bar graphs...it doesn't appear that way when you look at this bar graph.

Mr. Ridge stated the rate increase that was approved was 15%...it was 16% actually for the commodity rate which means there's an effective rate increase of 13 to 14% but keep in mind that the City's like the water system, the City sewer revenues are dependent upon water sales, there's been an erosion in water sales over time so while you got a 15% rate increase that does not necessarily correspondence to a 15% increase in revenues and I don't have the exact figures on what the water sales were.

Alderman Gatsas asked but from 2000 to 2001 what created a 100% increase in expenses, over 100%?

Mr. McNeill replied that was as a result of the CSO construction projects kicking in...you're on slide number 2.

Alderman Gatsas stated I guess it's two but it's not marked...it kind of shows you revenues, expenses and cash balances.

Mr. Ridge stated the expenses on this sheet are the combination of the operating budget, debt service on capital projects that have been bonded and cash funded capital projects. Essentially the drawing down of cash so that the year-to-year change in expenses is erratic based on how cash was being used to fund capital projects.

Mayor Guinta stated I don't know if this is one of the areas that you're looking at but wouldn't it have made more sense to tie rate increases over a longer period of time to like a CPI so you wouldn't see this increase, this dramatic increase that is being proposed.

Mr. Ridge replied speaking for myself and just as a matter of background I've been doing this for 20 years, I do rate studies all over...we as a matter for policy recommend that utilities put in rate increases that at least track the rate of inflation so that you don't end up with spikes.

Alderman Gatsas stated I know that we passed legislation so that the Water Works didn't have to go to the PUC as long as those rates were less than 15%...we passed legislation in Concord because Mr. Bowen gave us a guarantee that they wouldn't go up because he had a new project coming along and as long as they didn't go over 15% they didn't have to go to the PUC for approval...you're a utility why don't you have to go to the PUC for rate increases?

Mr. Ridge replied my understanding of state law is that waste water utilities are not regulated by the PUC and have not been since whenever and my understanding of the water side is that as long as...in the case of Manchester as long as Manchester Water Works increases outside the City or the same as inside the City they're not subject to PUC review as a matter of course. I don't remember the 15% but that may be in there.

Alderman Gatsas stated it is in there.

Mayor Guinta asked are there any final questions?

Alderman Gatsas replied I guess my final question is why wouldn't we take this up during the budget cycle so that we can take a look at this budget instead of just looking at \$15 million and just assuming it's an enterprise fund.

Mayor Guinta asked are you talking about the rate increase?

Alderman Gatsas replied I'm talking about the whole budget and the whole sewer department and the rate increase because obviously if we don't give them this rate increase

we have problems and I think it should be looked at in the budget and I certainly applaud you for cutting your budget 6% but maybe we can cut it a little bit more so that the rate increase doesn't have to be as great.

Mr. McNeill stated if you look at Joe's graphs I don't know what percentage you want to put on it but it's really tied to all the CIP projects to the EPA mandated \$125 we're banking for the CSO's...the \$45 million for the plant, the \$18 million for Cohas, the \$18 million for sewers...that's the majority of it and I think that's shown on slide 5.

Mr. Thomas stated I would strongly recommend that we proceed with the rate increase. If Alderman Gatsas and the Board of Mayor and Aldermen want to scrutinize the operating budget that's being proposed for this enterprise fund we don't have any problems with giving you detailed presentations and going through the normal budget process that any other department or any other division in the City goes through but again I would strongly recommend that we go ahead with the rate increase and if the decision is cut the operating budget at the Environmental Protection Division even more then ultimately there's going to be more funds that can be utilized with the CSO work or other sewer projects in the City.

Mayor Guinta asked if the Clerk to read the motion to make sure we have the accurate motion. One last question and then I'm going to go to the motion.

Alderman DeVries stated my question goes to the bonding that you're proposing through the State Revolving Fund I believe you said and it's a 10-year bond.

Mr. Ridge stated we're proposing that the City go to a 20-year debt instrument, which is the maximum, the state allows.

Alderman DeVries stated that is what's built into the rate increase.

Mr. Ridge stated that's what's built into the rate increase.

Alderman DeVries stated the last question on the bonding and I'm not sure if it's for you or actually Randy Sherman maybe this would be a question for you. Will this bonding affect in any way our bonding capacity, credit rating with the bonding agencies...having just read that report that came out.

Mr. Sherman stated the rating agencies look at the enterprise funds as self-sufficient. They do look at their revenues and expenses and make sure if they can meet their debt service requirements without any City support it's excluded when they do all of their calculations.

Mayor Guinta asked the Clerk to verify what the motion is so we have it accurately.

Deputy City Clerk Johnson stated the Board wishes to consider an ordinance that was distributed related to the increases and I believe that that's what Alderman Osborne was attempting to do was to move on the ordinance and I'm not sure if the intent is to adopt the ordinance this evening, if it is then it would be require first a motion to suspend the rules and place it on its final reading.

Mayor Guinta asked is the intention to suspend the rules or refer it to the Committee on Bills on Second Reading.

Alderman Osborne replied to suspend the rules.

Alderman O'Neil asked in the presentation was there a target of hitting...did I remember April 1st or something like that.

Mr. Thomas stated that is correct. It is all based having this implemented by April 1st.

Alderman O'Neil stated if we delay it at all...sending it back to Committee we could be off that April 1st deadline.

Mayor Guinta stated we've got two months before April 1st.

Alderman Shea interjected your Honor you've got to remember what April 1st is.

Mayor Guinta stated the motion on the floor is to suspend the rules and place the ordinance on its final reading by title only at this time...moved by Alderman Osborne, duly seconded by Alderman Pinard. There being none opposed, the motion carried.

On motion of Alderman Roy, duly seconded by Alderman Pinard, it was voted that the Ordinance be read by title only, and it was so done.

“Amending Chapter 52: Sewers of the Code of Ordinances of the City of Manchester by amending Section 52.160 (A)(2), Sewer Rental Charges by increasing their user charges.” 104

This Ordinance having had its third and final reading by title only, Alderman Osborne moved on passing same to be Ordained. Alderman Pinard duly seconded the motion.

Roll call voted was taken. Alderman Gatsas voted nay. Alderman Long, Duval, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Forest and Roy voted yea. Alderman Thibault was absent. The motion carried.

- 20.** Communication from Randy Sherman, Interim Finance Officer, advising of the recent sale of \$34.845 million of General Obligation Public Improvement Bonds.

Alderman Roy moved for discussion. Alderman Duval duly seconded the motion.

Alderman Roy stated I asked Randy just to comment his letter suggested we read the Moody's recommendations for improvement. I just wanted him to give us a little breakdown of those three items.

Mr. Sherman stated as I mentioned in my letter we had asked for a ratings increase by Moody's. Moody's is the only one that is holding the City at the middle slot on the double AA rank rather than the plus rate which we get from Fitch and S & P and Moody's was kind enough to include three recommendations to the City that the City could potentially work on if it so choose to get that increase from a double AA up to a double AA1. The three items are: increasing our financial reserves, increasing our income levels and increasing our property values. Now, obviously items 2 and 3 really there's not a lot that the City can do clearly it can work to bring in new development projects and bring in high wage jobs but the number one item that they do look at is our fund balance. They would like to see us in the 30% range and right now we're in the low 20's and that's 30% of our revenues in the general fund which right now we're just about \$100 million. So, they would like to see us add maybe seven to eight maybe as much as \$10 million to those reserves over a period of time if the City so desires to get up to that double AA1 rating.

Alderman Roy asked Randy when was the last time we went out for a bond sale prior to this?

Mr. Sherman replied prior to this one it would have been in 2004 we did a refunding as far as a regular GO (General Obligation) would have been 2003 when we sold the bonds for the baseball stadium.

Alderman Roy stated the true interest on those comparing 2003 to this current sale...favorable or what.

Mr. Sherman stated the true interest cost on these is probably a good 50 basis points less than what we got three years ago.

Alderman Shea stated this is a considerable amount of money, Randy. What do we use it for just for general discussion or purposes?

Mr. Sherman replied there's a large variety of projects included ranging from some school project like the Memorial Field, Parks projects like JFK and Derryfield but within the general fund there were some general parks improvements, some ROW improvements, the

Police and Fire CAD system is in there, you've got money in there for some storm drains, sidewalks, school recreational facilities, some fleet maintenance.

Alderman Shea asked did we bond so that all of this money is accounted for or do we bond so that if there are unusual circumstances we have that...in other words what I'm saying is do you only bond enough money to take care of expenses that are being incurred or do you sometimes borrow a little bit more if it's a favorable bonding rate and keep some money in the bank in case.

Mr. Sherman replied I wish, Alderman. No, you can only bond for specific projects and there's a specified time period when those proceeds have to be spent by.

Alderman Shea stated let's assume you bond for a specific project but for whatever reason there's a change can you use that at your own discretion or do you have to go back to the bonding and say we couldn't use it for "X" number of projects here but we would like to use it for something else.

Mr. Sherman stated that would come back to the Board and the Board would reallocate those to another project of a similar nature.

Alderman Shea stated so it's based on what the Board wants to do rather than the bonding company.

Mr. Sherman stated correct.

Mayor Guinta called for a vote on the motion to accept the report. There being none opposed, the motion carried.

21. Resolutions:

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Seven Thousand Three Hundred Seventy Six Dollars (\$7,376) for the FY2007 CIP 210107 Homeless Health Care Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Two Thousand Six Hundred Eighty Dollars (\$2,680) for the FY2007 CIP 411007 NH Sobriety Checkpoint Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Three Thousand Nine Hundred Twenty Dollars (\$23,920) for the FY2007 CIP 411307 Project Safe Neighborhoods Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Four Thousand Dollars (\$24,000) for the FY2007 CIP 411507 Stop Violence Against Women (VAWA) Program.”

“Amending the FY2007 Community Improvement Program authorizing and appropriating funds in the amount of One Million Eight Hundred Thousand Dollars (\$1,800,000) for the FY2007 CIP 610407 Housing Rehab/Lead Hazard Control Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Five Million Three Hundred Thousand Dollars (\$5,300,000) for the 2007 CIP 713107 Granite Street Reconstruction – Phase 3 Project.”

“Amending the FY2007 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Ten Thousand Five Hundred Dollars (\$10,500) for the FY2007 CIP 811407 Manchester VISTA Initiative Program.”

On motion of Alderman Roy, duly seconded by Alderman O’Neil, it was voted to dispense with the reading of the Resolutions by titles only.

Alderman Roy moved that the Resolutions pass and be Enrolled. Alderman Pinard duly seconded the motion. The motion carried with Alderman Gatsas, Shea and DeVries duly recorded in opposition to the two resolutions relating to the \$5.3 million for the Granite Street project.

TABLED ITEMS

- 22.** Report of the Committee on Bills on Second Reading recommending that Ordinance:
- “Amending the Zoning Ordinance of the City of Manchester by extending the B-2 (General Business) zoning district to include property currently zoned IND (Industrial) located on the south side of Gold Street east of the former Lawrence Branch of the B&M Railroad and including the following three lots Tax Map 875-14, 875-15, 875-16.”
- ought to pass.
(Aldermen Duval, Lopez, Garrity and Pinard recorded in favor; Alderman Gatsas opposed.)
(Tabled 09/05/2006)

This item remained tabled.

- 23.** Report of the Committee on Bills on Second Reading recommending that Ordinance:
- “Amending the Zoning Ordinance of the City of Manchester by extending the R-3 (Urban Multi-family) zoning district to include property currently zoned R-1B (Single-family) located on a portion of Tax Map 691 Lot 143-1 that will be on the north side of a proposed Gold Street Bypass and adjacent to Bradley Street and the New St. Augustin’s Cemetery.”
- ought to pass.
(Aldermen Duval, Lopez, Garrity and Pinard recorded in favor; Alderman Gatsas opposed.)
(Tabled 09/05/2006)

This item remained tabled.

- 24.** Communication from Randy Sherman, Interim Finance Officer, requesting that approximately \$50,000.00 be set aside in Contingency due to the severance payout to the former Finance Officer.
(Tabled 11/28/06 pending filling of permanent Finance Officer position and review of other fund sources by Mayor.)

This item remained tabled.

26. NEW BUSINESS

Alderman Gatsas stated I think that sooner or later the taxpayers, water payers, sewer payers of this City are going to have us spend more money on a CSO projects because there's going to be a Tea Party pretty soon. For us to suspend the rules so that they couldn't even come down in public session and weigh in on a rate increase I don't think that we've done any justice to to this community. So, maybe when these Chambers start filling up with two or three hundred people so they can speak their mind in their two minute sessions maybe this Board is going to start getting fiscally conservative or at least have them have the opportunity to speak because to suspend the rules when it's a rate increase I don't think we've justified why we're sitting here or why we're representing the people of this great City. Thank you, your Honor.

Alderman O'Neil stated the Clerk has a quick memo from me to the Board with a request and if I may I'll read it quickly:

On January 17, I met with Kevin Dillon, Bob MacKenzie, Dave Preece (Southern NH Planning Commission), Dave Smith (MTA) and Frank Thomas on the topic of transportation for our citizens and visitors. Specifically, I wanted to discuss and learn from them on two topics: First, the I-93 project and how it relates to Manchester and secondly, the future of regional transportation in and around Manchester. It is my belief that there has not been a coordinated effort between the City, state and private transportation providers as it relates to Manchester.

With that said, there are pending issues before the legislature that need our immediate attention and discussions that need to happen with many regarding regional ground, rail and air transportation. They all need to tie together to work properly.

I would like to recommend that the Board of Mayor and Aldermen establish a Transportation Advisory Committee, made up of the following:

- Kevin Dillon, Director, Manchester-Boston Regional Airport
- Bob MacKenzie, Director of Planning & Community Development
- Dave Preece, Executive Director, Southern NH Planning Commission
- Dave Smith, Executive Director, Manchester Transit Authority
- Frank Thomas, Public Works Director

Topics of discussion for them should include the legislation related to commuter rail service in New Hampshire, the current bus terminal facility on Canal Street, a future intermodal facility in downtown Manchester, Park-N-Ride facilities in Manchester, regional bus service, local bus service, I-93, etc...and how it all ties together. I would ask that this Committee report back to the Board of Mayor and Aldermen regularly and that it represents the City in discussions with others.

I respectfully ask my colleagues for their support in creation of this Advisory Committee.

Alderman O'Neil stated quickly it is my opinion that there hasn't been coordinated efforts and I'm going to give you an example. The state entered into a regional bus contract and Kevin Dillon might be able to help me out on this with the City of Nashua regarding Exit 6 and the bus service is to go to Logan. So, New Hampshire is subsidizing bus service or has a contract to provide bus service to Logan and I think that was news to Kevin because he wasn't at the table in these discussions and that's just a...not being critical of anyone but there's a lot going on and we need to have City people or quasi City people including the Transit Authority and the Southern NH Regional Planning Commission all at the table at the same time so that there's a coordinated effort and we don't miss opportunities. Some real challenges with the current bus facility on Canal Street...we've lost significant amount of bus service from there that has now shifted to Londonderry, a Londonderry bus terminal...again, because it wasn't...not by anyone's fault but there's so much going on we need to have everybody at least from the City side on the same page. So, I'd like my colleagues to support to set up this Transportation Advisory Committee.

Mayor Guinta asked is that in the form of a motion?

Alderman O'Neil moved to approve the creation of a Transportation Advisory Committee as presented. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

Alderman Duval stated yesterday at the Human Resources Committee meeting Chief Kane gave a presentation to Committee members relative to changing the title of Assistant Fire Chief to that of Deputy Fire Chief. In his presentation he indicated that he had had communication with yourself, your Honor, and in an attempt to get that position failed. It failed in Committee on a 3-to-2 vote and I was dismayed by that only in that there is a need to begin to fill the positions that have been vacant for some time at the Fire Department and with that I would ask the Committee to suspend the rules this evening to accomplish that. I think it's important for the safety of Manchester residents.

Alderman Duval moved that the Board change the title as presented to the Human Resources Committee last evening from Assistant Fire Chief to Deputy Fire Chief so that the Chief can be duly authorized to proceed and fill those positions that are vital.

Alderman Pinard duly seconded the motion.

Alderman O'Neil stated I was actually a little surprised that this didn't make it through Committee. I thought this was almost a no brainer and I thought it would follow the structure that's currently set up in the Police Department where all Deputies are the same

grade, Chief Jaskolka can correct me if I'm wrong but in his absence the Senior Deputy theoretically is in charge...I think they have followed a model that if an item comes up within the three Deputies' division that they're responsible for that they handle it but ultimately one of the Deputies in the absence of the Chief is the Acting Chief almost and I thought that was going to be a similar model. I spoke to Chief Kane earlier out back and he said he could issue an SOP that would make a similar model at the Fire Department so this is affecting, it's putting a lot of pressure on the Chief. There are a lot of people who have tested for promotions, this whole thing is tied to that and I think it's creating a morale problem there waiting on this particular issue. A lot of people don't know what their future holds for them and I just think the sooner we can resolve this the better off the Chief and the department will be. Thank you.

Alderman Gatsas stated maybe we can ask the Chief some questions so we get a clarification about how we're holding up positions. Chief, currently in your structure, not currently with bodies in place but currently in your structure you have an Assistant Chief and then two Deputies underneath that.

Chief Kane stated that's correct.

Alderman Gatsas asked has anybody stopped you from filling the position of the Deputy that is vacant right now?

Chief Kane replied no I have permission to fill that position.

Alderman Gatsas asked how long have you had that permission?

Chief Kane replied I have had that permission for a couple of months now.

Alderman Gatsas stated so there is no reason why you couldn't have filled that position two months ago.

Chief Kane stated that's correct.

Alderman Gatsas stated so the Assistant Chief position didn't become available until maybe two months ago.

Chief Kane stated that's correct.

Alderman Gatsas stated so that hasn't really changed any structure within and even though the Deputies are at the same grade...are they all at the same pay level?

Chief Kane replied yes.

Alderman Gatsas stated they all make the same amount of money.

Chief Kane stated they're all at the same pay grade.

Alderman Gatsas stated they're all at the same pay grade, do they make the same amount of money?

Chief Kane replied no I'm sure that there is some difference in years of service.

Alderman Gatsas asked is there a possibility that a Deputy that you could put in that position now be making less money than the person underneath them?

Chief Kane replied I would suppose so that might be true yes.

Alderman Gatsas stated so when we talk about a cost savings the true cost savings if we were to do this in private enterprise and we were looking to save money we would leave the two Deputies in place that have been doing the work and eliminate the Assistant Chief because that would be a true cost savings.

Chief Kane stated that's correct.

Alderman Gatsas stated you could fill the second Deputy's position because even though you have a structure it doesn't necessarily have to be the same as Police because in the past it wasn't...I think in 1994 the Assistant Chief was created and you were put into that position. Before you there was no Assistant Chief.

Chief Kane stated that's correct...the same thing happened in the Police Department in 1994. In 1994 the Police Department did it first and we followed.

Alderman Gatsas stated so we keep making these mixes as we go through and I guess if we eliminated the position and I guess my discussion was is that you already have somebody doing the Acting Assistant Chief's position...is there someone doing it?

Chief Kane replied I have someone doing some of those duties...that person is doing multiple duties.

Alderman Gatsas asked are they getting paid any more?

Chief Kane stated are they getting paid for doing those extra duties...I believe they are.

Alderman Gatsas stated you believe they are or you are.

Chief Kane stated they are.

Alderman Gatsas stated last night the answer was no they weren't.

Chief Kane stated I'm sorry.

Alderman Gatsas stated the problem I had is that if we're truly going to look at it then we should look at this because nobody's stopping you from hiring that Deputy. So, the structure of the Fire Department could function because you've got somebody else doing the other duties. We should be talking about this during the budget period just to see what the impact is because I don't think it's just about one step.

Chief Kane stated I'm lost.

Mayor Guinta stated let me clarify it a little bit. In the budget that I submit I would plan on submitting a Chief and three Deputies. I would not be looking to eliminate a position. I am looking to reorganize a little bit. I think there's merit to having three individuals beyond the Chief. I think there are some savings but more importantly we have an opportunity to groom additional people for these positions. It appears as though I've been talking with the Chief about this for a couple of months now...this is something that would be well received not by just the Chief but by the department. I think it also achieves some efficiencies.

Alderman Gatsas stated I understand what you are saying Your Honor but I think that when a Human Resource Director comes before us as we put in faith in every department head that comes before us, that gives us a recommendation of what they believe, when the Human Resource Director comes before us and says they don't think this change should happen I guess we need to put some credence in what she's telling us.

Mayor Guinta stated I don't disagree with that I just think there is a fundamental disagreement of opinion between myself and the HR Director and the Fire Chief. We do have to put our faith in the Fire Chief as it is in the department. This is something that I support, I think it's something that again we have talked about this for several months, I have talked to the HR Director, and I mean she and I just have a different point of view on this. I certainly respect her point of view but I don't think there are any command issues or challenges by going down to a three deputy system.

Alderman Lopez stated everything is so confused at this point, can we have a clarification because some of us weren't at the HR meeting, can the HR Director tell us what her opposition is so we all understand what's going on here.

Mayor Guinta stated right now we have a chief and an assistant and two deputies and I'm asking to go to a chief and three deputies, so you are downgrading that assistant to a deputy.

Alderman Lopez stated and apparently three aldermen on that committee said no.

Mayor Guinta responded one of them just seconded the motion tonight so obviously there has been a change of heart, but I'll ask the HR Director to address the alderman's question.

Virginia Lamberton, HR Director, stated structurally I believe that one of those deputies will assume higher level responsibilities and that's the way it's been and like it or not my observation of the police department is that when Chief Jaskolka you e-mail him you get a response saying please contact Deputy Simmons, and so Deputy Simmons is in charge in his absence. Now it may be that something comes up in detectives or traffic and Simmons would probably contact one of those people but the bottom line is that Simmons is the man to contact. In our system if you have a higher level of responsibility you get paid more, and in this instance it's one grade, it's an acknowledgement that one person is standing in place of the chief in the chief's absence. And, Chief Kane said that last night that in fact that position has a higher level of responsibility I didn't make that up, he said that in his desire to do this was to get it unfrozen from the hiring freeze, and so I just feel that it's not right and I don't feel it's fair to whoever gets stuck so to speak doing those higher level of responsibilities in the long run.

Mayor Guinta replied that by that logic we should change what's going on at the Police Department.

Ms. Lamberton responded I agree with that.

Alderman O'Neil stated just a clarification on that. I hate to bring the police chief up here but Chief Jaskolka, technically Deputy Leidemer is the Senior Deputy correct, in reference to what Ginny said it's because Deputy Simmons probably handles the majority of the administrative functions of the department and that's where maybe. Am I correct, technically in your command structure, Deputy Leidemer is.

Deputy Chief Jaskolka stated that's correct, in our structure it defaults to the senior most ranking officer, so Deputy Leidemer would be in charge in my absence. He would make any of the decisions that would need to be made, he would run the meetings and so forth. When I am away from the office it's easier for me to have somebody contact administration through Deputy Simmons and he can direct whatever. Because my e-mail would be pages long if you want to talk about this, this and this contact this person, and if another...

Alderman O'Neil interjected stated that many of the items I'm guessing that it would come up from others in city government would be related to the administrative portion of police department.

Deputy Chief Jaskolka responded most likely yes.

Alderman O'Neil stated in your absence Deputy Leidemer is the senior deputy.

Chief Jaskolka responded yes.

Alderman Lopez stated Chief, this doesn't necessarily mean that you could not put somebody else in charge with a lessor grade.

Chief Jaskolka stated I guess I could put whoever I want in charge but by the way our structure work it's the senior most ranking officer. So if there is no deputies available for whatever reason it would be the senior most ranking captain, Lt., Sgt. Whoever is the senior most ranking officer at the time would be in charge at the time.

Alderman Lopez stated so he doesn't get paid extra money then.

Chief Jaskolka responded no he doesn't.

Alderman Shea stated would it be easier to have an assistant chief for you or does the fact you inherited it the way it was in other words if you had your choice would you want an assistant chief.

Chief Jaskolka responded I guess the way our structure works, each deputy, I have three separate divisions but they are all of equal importance. Each one of those divisions has between 8 and 12 units that the deputy chief oversees. To give an assistant chief the added responsibility of being an assistant chief as opposed to deputy would take away my expectations of them running their divisions.

Alderman Shea asked if it would relieve him of any problems that he handled himself if he had an assistant chief.

Chief Jaskolka responded it probably would but with the system I have now it is working very well.

Alderman Shea asked would you compare your department to Fire Department and say that they are similar or are we talking say apples and oranges here.

Chief Jaskolka stated I don't know the structure of the Fire Department is what I am saying.

Alderman Shea asked if there was any compatibility between your department and his department. You have like it was brought up last night that you have one headquarters, not that I am not in favor of precinct but you only have one. In the Fire Department they have probably 12 different areas of the city where they have, I'm not sure of the number, but basically they have more spread out areas there so would you be able to handle your department if you had three or four other precincts as the Fire Department has different engines, or stations as it were.

Chief Jaskolka stated well if you are talking precinct you are talking a full staff, clerical staff, evidence, actually adding a small police department, a full 24 hour service.

Alderman Shea responded exactly, so are we talking about an assistant chief in that regard.

Chief Jaskolka responded if there were to be an assistant chief position I think that would be another position altogether, there'd be the three deputies in charge of the divisions and then an assistant chief that would oversee some of the things that I do with liaison with the police commission and professional standards, and the legal division, those come more directly under me, then the deputy chiefs.

Alderman Shea stated I kind of disagree with the fact that it's a moral factor if you don't have an assistant chief at the Fire Department and you have rather than having three deputies. I kind of, and I brought out the fact last night that even in the mayor's office you have kind of a seniority situation where Sean Thomas is sort of the overseer and then you have someone that is added to the staff, and in different departments of the city you have the Finance Department, you have the City Solicitor's, the Highway Department, I can't speak for the Information Systems but in most departments you do have someone, all elementary schools have an assistant principal, someone that's there in case of some necessity coming up. No one is saying to Joe Kane he has to select a particular person for an assistant chief but the point of the matter is that in my judgement I think that there should be someone there in his absence that will be able to make decisions and I don't think that three people to deputies and in the future having someone one of those three have a better shot at chief because he is serving in the capacity as the other two. I don't see that, nor do I see that an assistant to the chief should necessarily be the chief. That by precedent you had Mr. Devine who was a captain that became chief or you have Jaskolka that became chief so I would say that structurally my thoughts run along the lines that there should be a chief and there should be an assistant chief but that's a decision that obviously the Board has to make and everyone has one vote, and they can vote accordingly.

Alderman Roy stated I just want to get this moving along. Two things I just want clarified, is one I believe we started this in last year's budget process and like many things it has taken us this long to get to this point. We have the opportunity with an unfortunate tragedy in the

Fire Department and retirements to make some changes, and whether the system works in the Police Department it may or may not work at the Fire Department we need for the safety of the city employees and the constituents we represent to fill the positions at the Fire Department. We have an opportunity to have a few dollars worth of cost savings by creating three deputies, we currently have if this isn't about pay, we currently have Captains making more than District Chiefs and some district chiefs making more than assistants so it's not just about pay grade it's about longevity as well. So I'd ask that we move the question, authorize the Chief to fill the three positions and move forward.

Mayor Guinta stated the question is being moved there is a motion on the floor and called for a vote. The motion carried with Alderman Gatsas duly recorded in opposition.

Discussion Blacksmith Shop

Alderman Lopez stated this will be the third time that this item is brought up and this is in reference to the Blacksmith Shop on the west side. There's been some discussions I know and the money is there, I think Mr. MacKenzie can explain about the money which he has indicated to George Smith, myself, but I believe that we need to move forward on this. Again, for the third time.

Alderman Lopez moved that the City Solicitor, the Assessors, and staff prepare the purchase and sale agreement to buy the Blacksmith Shop and as move forward. Alderman O'Neil seconded the motion. The motion carried with Alderman Forest was recorded in opposition.

Alderman Garrity asked where the money was coming from.

Mayor Guinta replied that this would be discussion for another day because that's not quite.

City Solicitor Clark asked if they were asking for the documents to be drafted up and brought back to this Board.

Mayor Guinta replied yes, he just asked you to draft the documents at which point we can have the discussion about the funds, the history of it and where they are today.

Alderman O'Neil stated not for tonight but can we get some history of where these funds have gone.

Alderman Smith stated I'll give you the history.

Mayor Guinta stated we learned something since the last time you and I met just a few days ago. The SEP funds have actually been appropriated to something else which we don't necessarily.

Alderman Smith stated not necessarily.

Mayor Guinta replied this is what I am getting from city staff, which is different than what you and I talked about.

Alderman Smith requested to have Mr. MacKenzie make an explanation.

Mayor Guinta stated quickly because this is not an item for discussion today. I understand your interest in moving this forward.

Alderman Smith stated this has been going on for years.

Mayor Guinta stated I understand, but you and I just had a meeting with Jane Beaulieu not even a week ago in my office. And now I'm getting new information that the SEP funds aren't as available as we originally thought so there is nothing we can do on it tonight.

Mr. MacKenzie stated the SEP committee was completing their functions in the end they had intended I think the money to go to Bass Island, in the end they actually switched it because they had not heard to an endowment fund. That money is still there in the endowment fund, we would have to make a special effort to work with the State and the federal government to see if we could use a portion of that for the Bass Island.

Mayor Guinta stated that's something I actually just learned yesterday afternoon.

There being no further business come before the Board, on motion of Alderman Long, duly seconded by Alderman Duval, it was voted to adjourn.

A True Record. Attest.

City Clerk